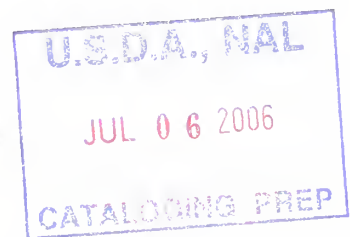


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# **Food Purchasing for Child Care Centers**



**National Food Service Management Institute**  
The University of Mississippi

NFSMI Item Number ET54-05

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# **National Food Service Management Institute The University of Mississippi**

## ***Building the Future Through Child Nutrition***

The National Food Service Management Institute (NFSMI) was authorized by Congress in 1989 and established in 1990 at The University of Mississippi in Oxford. The Institute operates under a grant agreement with the United States Department of Agriculture, Food and Nutrition Service.

### **PURPOSE**

The purpose of the NFSMI is to improve the operation of Child Nutrition Programs through research, education and training, and information dissemination. The Administrative Offices and Divisions of Technology Transfer and Education and Training are located in Oxford. The Division of Applied Research is located at The University of Southern Mississippi in Hattiesburg.

### **MISSION**

The mission of the NFSMI is to provide information and services that promote the continuous improvement of Child Nutrition Programs.

### **VISION**

The vision of the NFSMI is to be the leader in providing education, research, and resources to promote excellence in Child Nutrition Programs.

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## **Food Purchasing for Child Care Centers Instructor Guide**

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### **DEDICATION**



**Marlene Gunn**  
**May 6, 1944 – May 30, 2004**

This manual is dedicated to the memory of Marlene Gunn, a pioneer and friend to Child Nutrition Programs. She served as the School Food Service Director for the State of Mississippi for 25 years. She also authored numerous books for the food service industry and was well-known for her expertise, especially in food purchasing. Her dedication to Child Nutrition Programs and her expertise have touched many children over the years.

Section 1

# Introduction







## Introduction

There are four major goals when purchasing food for a child care center:

- to obtain food that is high quality,
- to obtain food that is nutritious,
- to obtain food that is safe, and
- to purchase at a cost-effective price.

Child care centers are diverse, both in size and organizational structure.

- Some centers are independent centers and range in size from an enrollment of less than 50 to over 250.
- Some centers are part of a sponsoring organization.
  - Sponsoring organizations operate from 1 to over 50 centers.
  - Some sponsoring organizations have been in business for many years, operate many centers, and have sophisticated management systems.

*Food Purchasing for Child Care Centers* is written for small independent centers that serve up to 150 meals a day to children and caregivers.

- However, some information applies to all centers and sponsoring organizations regardless of size or sophistication.
- Other information applies only to small centers and sponsoring organizations (those serving up to 150 meals a day to children and caregivers).
- Some information applies only to large centers and sponsoring organizations (those serving more than 150 meals a day to children and caregivers).

The chart on page 2 will help you determine what information in this manual is appropriate for your situation.

Adult day care center staff may find portions of this manual helpful; however, the foods prepared and served for adults will be different. The examples used in this manual are for child care centers.



### Key Point

*Food Purchasing for Child Care Centers* is written for small independent centers that serve up to 150 meals a day to children and caregivers. However, it contains information useful to all centers and sponsoring organizations.







### Manual Guide

Section of the Manual	Audience
Section 1—Introduction	All <sup>1</sup>
Section 2—Menus	All
Section 3—Grocery List	All <sup>2</sup>
Section 4—Quantities	All
Section 5—Purchasing Rules	All
Section 6—Ethics	All
Section 7—Vendor Choices	All
Section 8—Most Efficient Place to Purchase	All
Section 9—Quality Standards	Pages 75–88: All Pages 89–94: Large centers and sponsoring organizations <sup>3</sup>
Section 10—Prices and Awards	Pages 95–97; 106: All Pages 98–101: Small centers and sponsoring organizations <sup>4</sup> Pages 102–105: Large centers and sponsoring organizations <sup>5</sup>
Section 11—Final Steps	All
Section 12—Management Issues	All

<sup>1</sup>“All” refers to all child care centers and sponsoring organizations.

<sup>2</sup>Centers with more than 50 children will need additional training in adjusting quantities in recipes.

<sup>3</sup>“Large centers and sponsoring organizations” means those that serve more than 150 meals to children and caregivers each day.

<sup>4</sup>“Small centers and sponsoring organizations” means those that serve up to 150 meals to children and caregivers each day.

<sup>5</sup>Large centers and sponsoring organizations will need advanced training in developing quality standards, invitations for bid (IFB), and requests for proposal (RFP). The material in *Food Purchasing for Child Care Centers* will serve only as an introduction to these subjects.





In order for a center to meet the purchasing goals of obtaining high-quality, nutritious, and safe food, along with purchasing at a cost-effective price, its board of directors/owners will need to develop appropriate purchasing policies and procedures.

The board of directors/owners should take the following actions pertaining to food purchasing policies and procedures:

- Name the staff positions that are authorized to make purchases of food and supplies.
  - Two staff positions should always be authorized.
  - A recommended approach would be to authorize the center director and the employee responsible for going to the selected grocery store or placing orders with the approved wholesale vendor.
- Establish a standard of conduct for the employees involved in purchasing. (See section 6, pages 49–51, and section 12, page 113.)
- Approve a budget that provides adequate funds. (See section 12, pages 117–124.)
- Approve a purchase plan written by the staff positions authorized to make purchases. (See section 12, page 114.)
- Approve the vendors recommended by the staff. (See section 12, page 114.) Center staff should be required to
  - complete an annual market basket for all retail vendor recommendations and
  - submit the results of all bids or proposals to the board/owners for approval and award of the contract. For additional information on market baskets, see section 10, pages 98–101.
- Develop internal control policies. “**Internal control**” means separation of duties; no position should have control of all tasks. For example, the person who places the food orders should not be the one who signs the checks to pay for the food. (See section 12, pages 115–116.)



### Key Point

In order for a center to meet the purchasing goals of obtaining high-quality, nutritious, and safe food, along with purchasing at a cost-effective price, its board of directors/owners will need to develop appropriate purchasing policies and procedures.





### Key Point

Food purchasing involves many steps, beginning with planning the menus and ending with food preparation.

Food purchasing involves many steps, beginning with planning the menus and ending with food preparation. *Food Purchasing for Child Care Centers* looks at all of the steps in the food purchasing process.

The food purchasing process involves the following 11 steps:

1. plan menus (section 2),
2. develop a list of the foods needed to prepare the menus (section 3),
3. estimate the quantity of each food needed (section 4),
4. analyze the market area (sections 7 and 8),
5. develop quality standards for each food (section 9),
6. obtain price quotes (section 10),
7. award a contract to a business or make a recommendation to the board of directors/owners (section 10),
8. place orders (section 11),
9. receive food or go to the store to purchase food (section 11),
10. store food (section 11), and
11. prepare meals (section 11).

Child care centers in some states receive commodity foods. Steps 2 through 5 in the food purchasing process are slightly different for these centers. These centers may not control the amount or type of commodity foods received. These foods represent only a small percentage of the total food used and should not be allowed to control the purchasing process.



Change is the only thing about food purchasing that remains the same.

- The market area and food products constantly change.
- It is necessary to continuously update policies, procedures, the purchase plan, and quality standards.
- Policies, procedures, the purchase plan, and quality standards should always represent what you are doing at the present time.

## Section 2

# Menus







## Menus (Step 1)

Plan the menus before buying food.

**Never** buy food and then try to find a place for it on the menus.

This manual will **not** provide detailed information on menu planning. Menus are looked at in this section because they determine what is purchased.

Three excellent sources to help you plan menus are

- *Feeding Infants: A Guide for Use in the Child Nutrition Programs* (USDA/FNS, 2002),
- *Building Blocks for Fun and Healthy Meals* (USDA/FNS, 2000), and
- *Child Care Recipes: Food for Health and Fun* (USDA/FNS, 1999). **Note:** The recipes have been updated to reflect new *Food Buying Guide for Child Nutrition Programs* (USDA/FNS, 2001) crediting information. They can be downloaded from the NFSMI Web site at [http://www.nfsmi.org/Information/cc\\_recipe\\_index\\_alpha.htm](http://www.nfsmi.org/Information/cc_recipe_index_alpha.htm).

Another resource is the Child Care Nutrition Resource System Web site. <http://www.nal.usda.gov/childcare/>

These books are available to all child care centers. If you do not have copies, contact your State Agency.

- Copies can also be downloaded or viewed at
  - [http://www.fns.usda.gov/tn/Resources/feeding\\_infants.html](http://www.fns.usda.gov/tn/Resources/feeding_infants.html) (for *Feeding Infants: A Guide for Use in the Child Nutrition Programs*),
  - <http://www.fns.usda.gov/tn/Resources/buildingblocks.html> (for *Building Blocks for Fun and Healthy Meals*), and
  - [http://www.fns.usda.gov/tn/Resources/childcare\\_recipes.html](http://www.fns.usda.gov/tn/Resources/childcare_recipes.html) (for *Child Care Recipes: Food for Health and Fun*).



### Key Point

Plan the menus before buying food. Never buy food and then try to find a place for it on the menus.





The sample menus for children on pages 8, 9, and 10 meet the Child and Adult Care Food Program (CACFP) meal pattern requirements for children (participants 1 year old and older). These menus are from *Building Blocks for Fun and Healthy Meals* (USDA/FNS, 2000).

Letters and numbers next to some menu items, such as D-13, refer to recipes from *Child Care Recipes: Food for Health and Fun* (USDA/FNS, 1999) that have been updated and can be found on the NFSMI Web site at [http://www.nfsmi.org/Information/cc\\_recipe\\_index\\_alpha.htm](http://www.nfsmi.org/Information/cc_recipe_index_alpha.htm).



The sample menus for infants on pages 11, 12, and 13 are based on information from *Feeding Infants: A Guide for Use in the Child Nutrition Programs* (USDA/FNS, 2002) and meet the requirements of the CACFP meal pattern for infants (participants less than 1 year old).

The menus on pages 8–13 are those used for 1 week by Oak Street Child Care Center, which is the practice center in this manual.

- Oak Street Child Care Center is a small independent center (serving up to 146 meals daily to infants, children, and caregivers) located in a community with a population of 10,000.
- It is open Monday through Friday, 52 weeks a year, except for certain holidays.
- The chart on page 7 shows the meals served at the Center and the number of infants, children, and caregivers who eat these meals.

The menus for Oak Street Child Care Center are cycle menus.

- They include the CACFP meal pattern serving sizes for
  - infants 4 through 7 months old,
  - infants 8 through 11 months old,
  - children 1 through 2 years old, and
  - children 3 through 5 years old.
- They do not include the CACFP meal pattern serving sizes for infants from birth through 3 months old and for children 6 through 12 years old because Oak Street Child Care Center does not serve any infants and children in these age groups.

Now that you have the menus, it is time to think about the grocery list.



### Oak Street Child Care Center

Age Group	Number Enrolled	Meals Served		
		Breakfast	Lunch	Snack
Infants: 4–7 months	1	1	1	1
Infants: 8–11 months	2*	1	2	2
Children: 1–2 years	26	20	26	26
Children: 3–5 years	15	10	10	15
Caregivers		8	11	12
Totals	44	40	50	56

\*One infant attends half of the day and eats only lunch and a snack, while the other infant attends the full day and eats breakfast, lunch, and a snack.





## Cycle Menus for Children—Week 1

Cycle Menus for Children—Week 1—Day 1			
Meal	Food	Serving Sizes: Ages 1–2	Serving Sizes: <sup>1</sup> Ages 3–5
<b>Breakfast</b>	Chocolate Milk, fluid	½ cup	¾ cup
	Bagel, cinnamon raisin, enriched	½ serving (.5 oz)	½ serving (.5 oz)
	Cream Cheese	1 Tbsp	1 Tbsp
	Strawberries	¼ cup	½ cup
<b>Snack</b>	Lowfat Yogurt, flavored	2 oz	2 oz
	Pear, fresh	½ cup	½ cup
	Water		
<b>Lunch</b>	Milk, fluid	½ cup	¾ cup
	Mexican Pizza, D-13 (1½ oz meat; ½ serving bread; ⅛ cup vegetable)	2 pieces	2 pieces
	Carrots, raw, strips	⅛ cup	⅛ cup
	Dip for Carrots, E-15	2 Tbsp	2 Tbsp
	Watermelon	⅛ cup	¼ cup

Cycle Menus for Children—Week 1—Day 2			
Meal	Food	Serving Sizes: Ages 1–2	Serving Sizes: <sup>1</sup> Ages 3–5
<b>Breakfast</b>	Milk, fluid	½ cup	¾ cup
	Apricot Halves, canned	¼ cup	½ cup
	French Toast, enriched	½ serving (1.1 oz)	½ serving (1.1 oz)
	Syrup	1 Tbsp	1 Tbsp
	Margarine	1 tsp	1 tsp
<b>Snack</b>	Peach Slices, canned	½ cup	½ cup
	Graham Crackers, enriched	½ serving (.5 oz)	½ serving (.5 oz)
	Peanut Butter Dip, G-1	1 Tbsp	1 Tbsp
	Water		
<b>Lunch</b>	Milk, fluid	½ cup	¾ cup
	Teriyaki Chicken, D-12 (1½ oz chicken)	1 portion	1 portion
	Stir-Fry Vegetables, I-10	⅛ cup (⅛ cup vegetable)	¼ cup (¼ cup vegetable)
	Not Fried Rice, A-8 (⅛ cup vegetable; ½ serving bread; ¼ egg or ½ oz meat)	⅜ cup	⅜ cup
	Fresh Fruit Cup	⅛ cup	⅛ cup





## Cycle Menus for Children—Week 1 (cont.)

Cycle Menus for Children—Week 1—Day 3			
Meal	Food	Serving Sizes: Ages 1–2	Serving Sizes: <sup>1</sup> Ages 3–5
<b>Breakfast</b>	Milk, fluid	½ cup	¾ cup
	Banana	½ cup	½ cup
	Raisin Bread, toasted, enriched	½ slice (.5 oz)	½ slice (.5 oz)
	Margarine	1 tsp	1 tsp
<b>Snack</b>	Orange Juice	½ cup	½ cup
	Muffin Square, A-11	½ serving	½ serving <sup>2</sup>
<b>Lunch</b>	Milk, fluid	½ cup	¾ cup
	BBQ Beef Sandwich, F-8 (1½ oz beef; ⅛ cup vegetable; 1 serving bread)	½ sandwich	½ sandwich
	Coleslaw, E-9 (⅛ cup vegetable)	⅛ cup	⅛ cup
	Tomatoes, sliced	⅛ cup	¼ cup

Cycle Menus for Children—Week 1—Day 4			
Meal	Food	Serving Sizes: Ages 1–2	Serving Sizes: <sup>1</sup> Ages 3–5
<b>Breakfast</b>	Milk, fluid	½ cup	¾ cup
	Orange Sections	¼ cup	¼ cup
	Pancake, A-12	½ serving (.6 oz)	½ serving (.6 oz) <sup>3</sup>
	Maple Applesauce Topping, C-1 (¼ cup fruit)	¼ cup	¼ cup
<b>Snack</b>	Chocolate Milk, fluid	½ cup	½ cup
	Animal Crackers, enriched	½ serving (.5oz)	½ serving (.5 oz)
<b>Lunch</b>	Milk, fluid	½ cup	¾ cup
	Peanut Butter Sandwich [1½ Tbsp peanut butter on ½ serving (.5 oz) bread]	1 serving	1 serving <sup>4</sup>
	Broccoli Cheese Soup, H-5	¼ cup (⅜ oz cheese; ⅛ cup vegetable)	½ cup <sup>3</sup> (¾ oz cheese; ¼ cup vegetable)
	Pineapple Cubes, in juice	⅛ cup	¼ cup

**Cycle Menus for Children—Week 1 (cont.)**

<b>Cycle Menus for Children—Week 1—Day 5</b>			
<b>Meal</b>	<b>Food</b>	<b>Serving Sizes: Ages 1–2</b>	<b>Serving Sizes:<sup>1</sup> Ages 3–5</b>
<b>Breakfast</b>	Milk, fluid	½ cup	¾ cup
	Apple Wedges	¼ cup	½ cup
	English Muffin, whole wheat, toasted, enriched	½ serving (.5 oz)	½ serving (.5 oz)
	Jam	1 tsp	1 tsp
<b>Snack</b>	Wheat Crackers, enriched	½ serving (.4 oz)	½ serving (.4 oz)
	Grape Juice	½ cup	½ cup
<b>Lunch</b>	Chocolate Milk, fluid	½ cup	¾ cup
	Tuna Patty, D-10 (1½ oz fish; ½ serving bread)	1 patty	1 patty
	Oven Fries, I-5	1 piece (⅛ cup vegetable)	3 pieces (⅜ cup vegetable)
	Green Beans	⅛ cup	⅛ cup

**Note:** Menu is from *Building Blocks for Fun and Healthy Meals* (USDA/FNS, 2000, pp. 96, 98, 100, 102, 104) and recipes are from [http://www.nfsmi.org/Information/cc\\_recipe\\_index\\_alpha.htm](http://www.nfsmi.org/Information/cc_recipe_index_alpha.htm).

**Note:** The fluid milk served with the menus for children will be 1% or whole, as appropriate for the age of the child.

<sup>1</sup>Caregivers at Oak Street Child Care Center are served the ages 3-5 serving size unless noted otherwise.

<sup>2</sup>Recipe is adequate to serve one piece (equivalent to 1 slice bread) to caregivers.

<sup>3</sup>Recipe is adequate to serve one pancake/1 cup broccoli soup to caregivers.

<sup>4</sup>Standard stock items on hand are adequate to serve larger serving size to caregivers.



## Cycle Menus for Infants—Week 1

Cycle Menus for Infants—Week 1—Day 1			
Meal	Food	Serving Sizes: 4–7 Months	Serving Sizes: 8–11 Months
Breakfast	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–8 fl oz	6–8 fl oz
	Infant Rice Cereal, iron-fortified <sup>2,6</sup>	0–3 Tbsp	2–4 Tbsp
	Peaches, in a jar <sup>3,6</sup>		1–4 Tbsp
Snack	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–6 fl oz	2–4 fl oz
	Crackers, whole-grain <sup>4,5,6</sup>		0–2 crackers
Lunch	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–8 fl oz	6–8 fl oz
	Infant Rice Cereal, iron-fortified <sup>2,6</sup>	0–3 Tbsp	2–4 Tbsp
	Strained Turkey, in a jar <sup>6</sup>		1–4 Tbsp
	Carrots, in a jar <sup>3,6</sup>	0–3 Tbsp	1–4 Tbsp

Cycle Menus for Infants—Week 1—Day 2			
Meal	Food	Serving Sizes: 4–7 Months	Serving Sizes: 8–11 Months
Breakfast	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–8 fl oz	6–8 fl oz
	Infant Rice Cereal, iron-fortified <sup>2,6</sup>	0–3 Tbsp	2–4 Tbsp
	Pears, in a jar <sup>3,6</sup>		1–4 Tbsp
Snack	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–6 fl oz	2–4 fl oz
	Crackers, whole-grain <sup>4,5,6</sup>		0–2 crackers
Lunch	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–8 fl oz	6–8 fl oz
	Infant Rice Cereal, iron-fortified <sup>2,6</sup>	0–3 Tbsp	2–4 Tbsp
	Strained Chicken, in a jar <sup>6</sup>		1–4 Tbsp
	Peas, in a jar <sup>3,6</sup>	0–3 Tbsp	1–4 Tbsp

<sup>1</sup>Two of the three infants attending Oak Street Child Care Center receive breast milk provided by their mothers. The other infant receives iron-fortified formula provided by the Center.

<sup>2</sup>All the infants are developmentally ready to eat iron-fortified infant cereal.

<sup>3</sup>All the infants are developmentally ready to eat jarred fruits and vegetables.

<sup>4</sup>Both infants 8–11 months old are developmentally ready to eat crackers.

<sup>5</sup>A serving of this component must be made from whole-grain or enriched meal or flour.

<sup>6</sup>The infants were previously introduced to this food and accept it.



## Cycle Menus for Infants—Week 1 (cont.)

Cycle Menus for Infants—Week 1—Day 3			
Meal	Food	Serving Sizes: 4–7 Months	Serving Sizes: 8–11 Months
Breakfast	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–8 fl oz	6–8 fl oz
	Infant Rice Cereal, iron-fortified <sup>2,6</sup>	0–3 Tbsp	2–4 Tbsp
	Bananas, in a jar <sup>3,6</sup>		1–4 Tbsp
Snack	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–6 fl oz	
	Orange Juice		2–4 fl oz
	Crackers, whole-grain <sup>4,5,6</sup>		0–2 crackers
Lunch	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–8 fl oz	6–8 fl oz
	Infant Rice Cereal, iron-fortified <sup>2,6</sup>	0–3 Tbsp	2–4 Tbsp
	Strained Lamb, in a jar <sup>6</sup>		1–4 Tbsp
	Beets, in a jar <sup>3,6</sup>	0–3 Tbsp	1–4 Tbsp

Cycle Menus for Infants—Week 1—Day 4			
Meal	Food	Serving Sizes: 4–7 Months	Serving Sizes: 8–11 Months
Breakfast	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–8 fl oz	6–8 fl oz
	Infant Rice Cereal, iron-fortified <sup>2,6</sup>	0–3 Tbsp	2–4 Tbsp
	Applesauce, in a jar <sup>3,6</sup>		1–4 Tbsp
Snack	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–6 fl oz	2–4 fl oz
	Crackers, whole-grain <sup>4,5,6</sup>		0–2 crackers
Lunch	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–8 fl oz	6–8 fl oz
	Infant Rice Cereal, iron-fortified <sup>2,6</sup>	0–3 Tbsp	2–4 Tbsp
	Strained Veal, in a jar <sup>6</sup>		1–4 Tbsp
	Green Beans, in a jar <sup>3,6</sup>	0–3 Tbsp	1–4 Tbsp

<sup>1</sup>Two of the three infants attending Oak Street Child Care Center receive breast milk provided by their mothers. The other infant receives iron-fortified formula provided by the Center.

<sup>2</sup>All the infants are developmentally ready to eat iron-fortified infant cereal.

<sup>3</sup>All the infants are developmentally ready to eat jarred fruits and vegetables.

<sup>4</sup>Both infants 8–11 months old are developmentally ready to eat crackers.

<sup>5</sup>A serving of this component must be made from whole-grain or enriched meal or flour.

<sup>6</sup>The infants were previously introduced to this food and accept it.





## Cycle Menus for Infants—Week 1 (cont.)

Cycle Menus for Infants—Week 1—Day 5			
Meal	Food	Serving Sizes: 4–7 Months	Serving Sizes: 8–11 Months
<b>Breakfast</b>	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–8 fl oz	6–8 fl oz
	Infant Rice Cereal, iron-fortified <sup>2,6</sup>	0–3 Tbsp	2–4 Tbsp
	Plums, in a jar <sup>3,6</sup>		1–4 Tbsp
<b>Snack</b>	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–6 fl oz	2–4 fl oz
	Crackers, whole-grain <sup>4,5,6</sup>		0–2 crackers
<b>Lunch</b>	Breast Milk or Formula, iron-fortified <sup>1</sup>	4–8 fl oz	6–8 fl oz
	Infant Rice Cereal, iron-fortified <sup>2,6</sup>	0–3 Tbsp	2–4 Tbsp
	Strained Beef, in a jar <sup>6</sup>		1–4 Tbsp
	Squash, in a jar <sup>3,6</sup>	0–3 Tbsp	1–4 Tbsp

<sup>1</sup>Two of the three infants attending Oak Street Child Care Center receive breast milk provided by their mothers. The other infant receives iron-fortified formula provided by the Center.

<sup>2</sup>All the infants are developmentally ready to eat iron-fortified infant cereal.

<sup>3</sup>All the infants are developmentally ready to eat jarred fruits and vegetables.

<sup>4</sup>Both infants 8–11 months old are developmentally ready to eat crackers.

<sup>5</sup>A serving of this component must be made from whole-grain or enriched meal or flour.

<sup>6</sup>The infants were previously introduced to this food and accept it.



**~ Notes ~**

## Section 3

# Grocery List





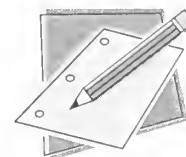




## Grocery List (Step 2)

Developing the grocery list (Step 2) is time-consuming, but it is an important step to achieving purchasing success.

The grocery list is divided into three parts:



1. **Standard stock items**—a list of all foods that are kept on hand all of the time. These are staple food items that you replace often.
2. **Yearly items**—a list of all foods (mostly herbs and spices) that you purchase only once per year.
3. **Menu items**—a list of all foods that you purchase only when they are on the menu. This part of the list is made by
  - adjusting the recipes to the correct quantities [by using the yields in the *Food Buying Guide for Child Nutrition Programs* (FBG) (USDA/FNS, 2001) to determine the quantities needed by age group],
  - writing down the foods and quantities needed to prepare the recipes, and
  - writing down the other foods required to prepare the menu (those that do not have a recipe) and estimating the quantity of each. **Note:** Record quantities of foods using the purchase unit (i.e., lb, oz, doz, qt, and gal) when possible.



### Key Point

Divide the grocery list into standard stock items, yearly items, and menu items.

Once the grocery list is organized and the staff member with this responsibility gains experience, the task becomes easier.

- Cycle menus will save time.
- Each time a menu in the cycle is repeated, the previous grocery list can be used.

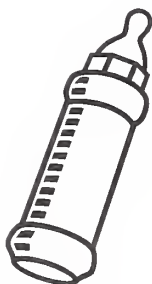


## Parts of the Grocery List

### 1. Standard Stock Items



- Standard stock items are foods that are kept on hand all of the time.
- They are also called “par stocks” and “inventory on hand items.”
- Any food that is used each week could be placed in this group.
- The foods in this group will differ from center to center.
- Examples of foods of this type are all-purpose flour, granulated sugar, brown sugar, salt, vegetable oil, vinegar, pan release spray, jams, jellies, imitation maple syrup, peanut butter, catsup, tomato paste, instant nonfat dry milk, and mayonnaise.
- Infant foods are a part of this list. However you should leave the infant foods section of this list blank until you know the exact food or formula that a child will receive.
  - USDA/FNS recommends that a school, center, or day care home offer the type of formula that the infant’s health care provider has suggested to the infant’s parent (or guardian).
  - USDA/FNS has provided State Agencies with a list of formulas that do not require a medical statement when offered to infants in the CACFP. A complete copy of the list and other information can be found at <http://www.fns.usda.gov/cnd/Care/Regs-Policy/infantmeals/formulaList.htm>.
  - A center should have a stated policy related to infant formulas and foods.
    - 1) One option the center should consider is to make an effort to provide all infants with the formulas or foods that they receive at home. This approach is used most often when at-risk children are served.





- 2) The second option is to approve specific formulas and infant foods and make only those formulas or foods available. If parents want their child to have a different food or formula, they may decline the offered formula or food and supply another type.
- Centers should always check with the State Agency if they are not sure whether a type of infant formula requires a medical statement to be served in the infant meal pattern.



## 2. Yearly Items

- Yearly items are foods that the center uses in small amounts and buys only once or twice per year.
- Examples of foods that you might find in this group are cinnamon, paprika, vanilla flavoring, cayenne pepper, poultry seasoning, crushed oregano, and garlic powder.



## 3. Menu Items

- Menu items are foods that are purchased only when they are on the menu.
- Normally these items are purchased weekly.
- Foods that do not store for a long time are in this group.
- Milk, fresh eggs, and fresh fruits and vegetables are always in this group.
- Some foods in this group can be stored for a long time. However, because of their cost, you may choose to put them on this list because you do not want to spend money until the item is needed.



If you put as many foods as possible in the standard stock list, you save time in making the grocery list.

- You always buy a certain amount—a standard stock—of these items. For example, you might always buy 1 gallon of vegetable oil.
- Therefore, you do not have to calculate how much to buy of these items.



- Also, you do not need to write these items down.
  - Keep a printed list of these items and the amount to buy when you are low on them.
  - When the center's menus call for these items, simply walk to the pantry with your list and circle any item that is low to indicate you need to buy a new package or container.

On the next few pages, you will practice developing a grocery list for Oak Street Child Care Center.

- Remember that the Center is open Monday through Friday, 52 weeks a year, except for certain holidays.
- The Center serves meals to infants, children, and caregivers.

Oak Street Child Care Center has chosen to use the menus for Days 1–5 found on pages 8–13. Pages 27 and 28 show how the foods on the menus for children and infants for Days 1–4 (on pages 8–9 and 11–12) were recorded on the grocery list.

You are going to see how the grocery list was developed for Day 4.

To do this, you need

- the menus for children and infants for Day 4 (found on pages 9 and 12),
- the three recipes used for Day 4 (pages 23–24), and
- the grocery list (pages 27 and 28).

The decisions for the menu for children will be presented before those for the menu for infants because Oak Street Child Care Center lists infant foods last on its grocery list.

## Here are the decisions for Day 4 for the menu for children:

### 1. Milk

- Look at the “Menu Items” column in the grocery list on page 28. Why is milk on this list?
  - It is on the list because milk is served daily.
- Should milk be a standard stock item?
  - It could be, but sometimes unflavored milk is served, and other times chocolate milk is served. Children under 2 years old are served whole milk, and children 2 years old and older are served 1% milk.
  - It is on the “Menu Items” list because the number of times each type of milk is served changes each week.



### Key Point

To develop the grocery list, you need the menus, the recipes, and the grocery list.



## 2. Orange Sections

- Fresh oranges are purchased only when they are on the menu.
- So, “Oranges, fresh” was put on the “Menu Items” list.

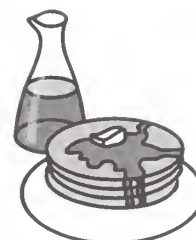


## 3. Pancakes

- A recipe is needed for the pancakes.
- Look at the recipe on page 23. What are the ingredients?
  - All-purpose flour, instant nonfat dry milk, salt, sugar, and vegetable oil are on the “Standard Stock Items” list, so the Center does not have to worry about buying any of these items unless it is low on them.
  - Baking powder is on the “Yearly Items” list, so again the Center does not have to worry about buying it.
  - The Center chose to use fresh eggs in this recipe. They are on the “Menu Items” list. Center staff wrote down five eggs, the number needed to make the pancakes.
  - The numbers “14” and “3” are the number of eggs needed to make the recipes for Days 1–3.

## 4. Maple Applesauce Topping

- Maple applesauce topping also has a recipe (page 24).
- The first ingredient in the recipe is canned applesauce.
  - Applesauce is not served every week, so it is put on the “Menu Items” list.
  - Center staff wrote down that they need 3 quarts and 1 cup.
- The other ingredient is maple-flavored pancake syrup.
  - Check the “Standard Stock Items” list.
  - Do you find maple-flavored pancake syrup?
    - Yes, so it does not need to be added to the “Menu Items” list.



## 5. Animal Crackers

- Since animal crackers are not served every week, they were placed on the “Menu Items” list.





## 6. Peanut Butter Sandwich

- Look at the grocery list. Can you find peanut butter?
  - Since peanut butter is served often, it is on the “Standard Stock Items” list.
  - It was not necessary to write down the serving size needed for Day 4 because the Center stocks enough to serve this item several times.
- The sandwich should be made out of fresh bread.
  - “White Sandwich Bread, enriched” was put on the “Menu Items” list.
  - The amount needed for Day 4, 29 slices, was written down because the Center does not want to buy more bread than is used in a week.



## 7. Broccoli Cheese Soup

- Look at the recipe on page 24 to determine what to buy for broccoli cheese soup.
  - Chicken stock is used at the Center as the base for a lot of soups.
  - Since chicken stock is used often, it is found on the “Standard Stock Items” list.
  - The Center has enough chicken stock on hand to make soup twice, so it was not necessary to record the amount needed for the recipe.
- Can you find all-purpose flour, margarine, and salt on the grocery list?
  - Yes, they are also under “Standard Stock Items.”
- The Center chose to use white pepper for the recipe. Are white pepper and hot pepper sauce on the grocery list?
  - Yes, they are on the “Yearly Items” list because they are bought annually for use as needed.
- The Center chose to use fresh onions for the recipe. Can you find onions, carrots, and milk on the grocery list?
  - Yes, they are on the “Menu Items” list.
  - The quantity needed for the recipe was written down:
    - Carrots—13 oz
    - Onions—14 oz
    - Milk—1 qt
- The recipe calls for reduced-fat cheddar cheese.
  - Reduced-fat cheddar cheese was placed on the “Menu Items” list, and the quantity needed, 2 lb 6 oz, was written down.





- The recipe also requires 2 lb of frozen chopped broccoli. Can you find frozen chopped broccoli on the grocery list?
  - There are fresh broccoli florets. Could you use them in the soup? Yes, you probably could, but they would be more expensive than frozen chopped broccoli.
  - Frozen chopped broccoli was added to the “Menu Items” list.
  - The amount needed for the recipe, 2 lb, was written down on the list.



### 8. Pineapple Cubes, in Juice

- “Pineapple Cubes, in juice” was put on the “Menu Items” list.

**Here are the decisions for Day 4 for the menu for infants:**

#### 1. Infant Formula

- Look at the grocery list. Can you find infant formula?
  - Since infant formula is served daily, it is on the “Standard Stock Items” list.
  - It was not necessary to write down the serving size needed for Day 4 because the Center stocks enough to serve this item daily.

#### 2. Infant Rice Cereal

- Look at the grocery list. Can you find infant rice cereal?
  - Infant rice cereal is on the “Standard Stock Items” list because it is served daily.
  - As with infant formula, it was not necessary to write down the serving size needed for Day 4 because the Center stocks enough to serve this item daily.



#### 3. Whole-Grain Crackers

- Whole-grain crackers are under “Standard Stock Items” because they are served as a snack daily.

#### 4. Commercially Prepared Baby Food

- The menu for Day 4 calls for the following commercially prepared baby foods in a jar: applesauce, strained veal, and green beans.
- They are found under “Standard Stock Items” because jarred baby food is served daily.



A blank grocery list can be found in appendices 2 and 3, pages 128–129. This list can be used for your center.

### Activity 1



The first step in making a grocery list is to look at each food on the menus and recipes and decide if it is a standard stock item, a yearly item, or a menu item. Also, if the food is part of a recipe, the amount needed for the recipe should be written down beside the food item **if the food falls under “Menu Items.”** If the food on the recipe falls under “Standard Stock Items” or “Yearly Items,” the amount needed for the recipe is not written down because the Center stocks enough to make the recipe. (Section 4 explains how to determine the quantities to keep on hand for standard stock items and yearly items.)

The grocery list on pages 27–28 has all of the foods needed to prepare the menus and recipes for children and infants for Days 1–4 at Oak Street Child Care Center. However, the grocery list is missing the foods from the menus and recipes for Day 5.

Add the foods on the menus and recipes of Oak Street Child Care Center for Day 5 to the grocery list. Look at each food and decide if it should go under “Standard Stock Items,” “Yearly Items,” or “Menu Items.” Then, write the food down on that part of the list. The “Standard Stock Items” and “Yearly Items” parts of the grocery list are on page 27. The “Menu Items” part is on page 28.



#### Key Point

Remember to record quantities of foods using the purchase unit (i.e., lb, oz, doz, qt, and gal) when possible.

Also, if a food under “Menu Items” is used in a recipe, write down the quantity needed for the recipe beside that food. If the food is not used in a recipe or is a standard stock or yearly item, do **not** write down any quantity beside it. If a food under “Menu Items” needs a quantity calculated from the FBG, put an asterisk (\*) in the “Quantity” column. Do **not** complete the “Quantity” columns in this activity. These will be completed in section 4.

The menu for children for Day 5 is on page 10, while the menu for infants for Day 5 is on page 13. The two recipes used for the menu for children for Day 5 can be found on pages 25–26. These recipes, from *Child Care Recipes: Food for Health and Fun* (USDA/FNS, 1999), have been updated to reflect new *Food Buying Guide for Child Nutrition Programs* (USDA/FNS, 2001) crediting information.

Now that the foods needed for the menus and recipes have been recorded on the grocery list, it is time to estimate the quantities the Center needs to buy. The grocery list for menu items on page 28 has an asterisk (\*) by those items that require a calculation using the FBG. Section 4 explains how to do these calculations.







[illegible]

25



**Oven Fries**  
**Vegetable I-5**  
**\*52 Servings**  
**1 Serving =  $\frac{3}{8}$  Cup = 3 Pieces**

Ingredients	Weight	Measure
Fresh Baking Potatoes, 100 count (at least 8 oz each)	12 lb 8 oz	25 each
Vegetable Oil		1 cup
Ground Black or White Pepper		1 tsp
Salt		1 Tbsp 1 tsp
Paprika		1 tsp
Parmesan Cheese, grated		$\frac{1}{4}$ cup

Age Group	Serving Size	Number of Servings
1-2	$\frac{1}{8}$ cup or 1 piece	9
3-5	$\frac{3}{8}$ cup or 3 pieces	10
Caregivers	$\frac{3}{8}$ cup or 3 pieces	11
	Total	30

**\*Note:** Thirty servings are needed, and the recipe yields 52. The Center should adjust the recipe to 30 servings; otherwise, there will be too much food left over. However, recipe adjustment is beyond the scope and purpose of this manual. For information or training on how to adjust recipes, contact NFSMI at 800-321-3054.





## Grocery List for Standard Stock and Yearly Items

Standard Stock Items	Quantity	Yearly Items	Quantity
Catsup		Baking Powder	
Chicken Stock, non-MSG			
Flour, all-purpose, enriched		Celery Seed	
Crackers, whole-grain, enriched		Cinnamon, ground	
Graham Crackers, enriched			
Lemon Juice			
Margarine			
Mayonnaise, lowfat		Granulated Garlic	
Milk, dry, nonfat, instant			
Pepper, black			
Peanut Butter, creamy		Mustard, dry	
Rice, white, enriched, medium-grain			
Salt		Onion Flakes, dehydrated	
Soy Sauce, low-sodium			
Syrup, maple, imitation		Onion Powder	
Sugar, brown			
Sugar, granulated			
Tomato Paste		Parsley Flakes	
Vegetable Oil		Pepper, cayenne	
Vinegar, white		Pepper, white	
		Pepper Sauce, hot	
<b>Infant Formula and Foods:</b>			
Infant Formula			
Infant Rice Cereal			
Applesauce, commercially prepared			
Bananas, commercially prepared			
Beets, commercially prepared			
Carrots, commercially prepared			
Green Beans, commercially prepared			
Peaches, commercially prepared			
Pears, commercially prepared			
Peas, commercially prepared			
Strained Chicken, commercially prepared			
Strained Lamb, commercially prepared			
Strained Turkey, commercially prepared			
Strained Veal, commercially prepared			



## Grocery List for Menu Items

Menu Items	Quantity	Menu Items	Quantity
<b>Dairy Products</b>		<b>Bread</b>	
Chocolate Milk, fluid, 1%	*	Bagel, cinnamon raisin, enriched	*
Chocolate Milk, fluid, whole	*	Flour Tortillas, enriched, 24	
Milk, fluid, 1%, 1 qt	*	French Toast, enriched	*
Milk, fluid, whole	*	Raisin Bread, enriched	*
Cheese, cream	*	Animal Crackers, enriched	*
Cheese, Mozzarella, reduced-fat, shredded, 1 lb 8 oz			
Cheese, Cheddar, reduced-fat, shredded, 2 lb 6 oz		White Sandwich Bread, enriched, 29 slices	
Yogurt, flavored, lowfat	*	Hamburger Rolls, enriched, 25	
Yogurt, plain, lowfat, 1 cup			
<b>Fresh Produce</b>		<b>Canned and Other Grocery</b>	
Orange Juice	*	Raisins, 8 oz	
Eggs, fresh, large, 14 + 3 + 5		Chunky Salsa, mild, 1 qt ½ cup	
Peaches, fresh, 20/⅛-cup servings for fruit cup	*	Refried Beans, 6 lb 10 oz	
Watermelon	*	Beef Stock, non-MSG, 1 qt 2 cups	
Pears, fresh, 20/⅛-cup servings for fruit cup	*	Applesauce, canned, 3 qt 1 cup	
Strawberries, fresh, 1 pt for fruit cup	*	Apricot Halves, canned	*
Bananas, fresh, 20/⅛-cup servings for fruit cup	*		
		Pineapple Cubes, in juice	*
Oranges, fresh	*	Peach Slices, canned	*
Broccoli Florets, fresh, for stir-fry, 2 lb 4 oz			
Cauliflower, fresh, for stir-fry, 1 lb			
Zucchini, fresh, for stir-fry, 2 lb		Honey, 1 lb 12 oz	
Carrots, fresh, 1 lb + 3 oz + 13 oz + 8 oz	*	<b>Frozen</b>	
		Broccoli, frozen, chopped, for soup, 2 lb	
	*	Carrots, frozen, diced, for not fried rice, 1 lb 10 oz	
Tomatoes, fresh		Peas, frozen, 1 lb 10 oz	
Pepper, Bell, fresh, 1¼ oz		<b>Fresh or Frozen Meats</b>	
Onions, fresh, 8 oz + 4 oz + 14 oz		Beef, ground, ≤ 20% fat, 6 lb 10 oz	
Cabbage, fresh, ready-to-use, 1 lb 14 oz		Chicken Thighs, with bone/skin, 11 lb 4 oz	
Celery, fresh, 8 oz			

\* = Requires a calculation using the FBG (completed in section 4)

## Section 4

# Quantities









## Quantities (Step 3)

Estimating the amount of food you need to buy is more than a simple math problem. You need to consider

- the yields in the *Food Buying Guide for Child Nutrition Programs* (FBG) (USDA/FNS, 2001),
- the size of container that best fits the center's serving needs,
- the size of container that is most cost-efficient,
- the size of container that best fits the work load during food preparation, and
- the storage capacity of the center.

In this section, you will look at what you need to consider when estimating how much you need to buy for

- standard stock items,
- yearly items, and
- menu items.

Oak Street Child Care Center on page 7 is the practice center.

You will begin with the menu items.

### Estimating Quantities for Menu Items

To estimate quantities for menu items, use the FBG.

The following is a review of how to calculate quantities using the FBG.

The sample menu for children for Day 1 (section 2, page 8) has fresh strawberries for breakfast. One pint of fresh strawberries is also needed for the fresh fruit cup to be served to children at lunch on Day 2 (section 2, page 8).

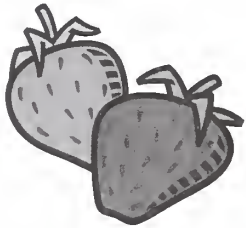
As page 30 shows, strawberries were placed in the "Menu Items" column of the grocery list.



#### Key Point

Estimating the amount of food you need to buy is more than a simple math problem.





Menu Items	Quantity
Strawberries, fresh, 1 pt for fruit cup	*

To estimate the amount of strawberries needed, first locate fresh strawberries in the FBG. See FBG, page 2-77.

Section 2—Vegetables/Fruits			
1 Food As Purchased, AP	2 Purchase Unit	3 Servings per Purchase Unit, EP	4 Serving Size per Meal Contribution
STRAWBERRIES			
Strawberries, fresh /whole	Pint (11-1/2 oz)	7.90	1/4 cup raw, whole fruit
	Pound	10.5	1/4 cup raw, whole fruit

Column 2 of the FBG shows two purchase units: pint and pound. Oak Street Child Care Center buys fresh strawberries by the pint, so select “pint.”

Next, calculate how many servings are needed.

- Column 3 of the FBG indicates that there are 7.90 servings per pint.
- Column 4 of the FBG shows that the serving size is ¼ cup.
- Oak Street Child Care Center (page 7) serves the following people for breakfast:
  - Children (1–2): 20
  - Children (3–5): 10
  - Caregivers: 8
- The serving sizes are as follows:
  - Children (1–2): ¼ cup
  - Children (3–5): ½ cup
  - Caregivers: ½ cup



Now, using the serving sizes, calculate how much to purchase.



## Fresh Strawberries: Amount to Purchase

Age Group	Number of Children & Caregivers to Serve	Required Serving Size	Number of ¼-Cup Servings	Purchase Unit	Servings per Purchase Unit	Amount to Purchase
1–2 Years	20	¼ cup	20			
3–5 Years	10	½ cup	20			
Caregivers	8	½ cup	16			
Fruit Cup						1*
				Pint	7.90	7.09 or 8
Total			56			9

\*The 1 pint is for the fresh fruit cup to be served to children for lunch on Day 2.

## Math Summary for Fresh Strawberries

### The Math

**Step 1: Find the number of servings per purchase unit from the FBG.**

- Find “Strawberries, fresh, whole” on page 2-77 of the FBG.
- Under column 2, select “pint.”
- Columns 3 and 4 show there are 7.90 ¼-cup servings per pint.

**Step 2: Determine the number of ¼-cup servings needed by age group.**

- Children ages 1–2 = 20 ¼-cup servings
- Children ages 3–5 = 10 ½-cup servings = 20 ¼-cup servings  
*There are two ¼-cup servings in each ½-cup serving, so multiply the number of ½-cup servings by 2 to convert to ¼-cup servings.*  
**Conversion:** 10 ½-cup servings x 2 = 20 ¼-cup servings
- Caregivers = 8 ½-cup servings = 16 ¼-cup servings  
**Conversion:** 8 ½-cup servings x 2 = 16 ¼-cup servings

**Step 3: Total the number of ¼-cup servings needed.**

$$20 + 20 + 16 = 56 \text{ ¼-cup servings}$$

**Step 4: Divide the total number of ¼-cup servings needed (Step 3) by the number of ¼-cup servings in a pint (7.90).**

$$56 \div 7.90 = 7.09 \text{ or } 8 \text{ (Always round up to the nearest whole number.)}$$

**Step 5: Add the amount needed for the fruit cup for Day 2 to the answer in Step 4.**

$$1 \text{ pint for fruit cup} + 8 \text{ pints} = 9 \text{ pints}$$



Record the 9 pints of strawberries that will be purchased.



Menu Items	Quantity
Strawberries, fresh	9 pt

Look at another example. The menu for children for Day 5 has green beans for lunch. Green beans were put in the “Menu Items” list.

Menu Items	Quantity
Green Beans, canned	*

Locate “Beans, Green, canned” on page 2-15 of the FBG. The FBG provides ¼-cup serving information for a No. 10, 2½, and 300 can. Because the green beans will be served hot, the yield for “heated, drained vegetable” is used to calculate the quantities.



## Section 2—Vegetables/Fruits

1 Food As Purchased, AP	2 Purchase Unit	3 Servings per Purchase Unit, EP	4 Serving Size per Meal Contribution
<b>BEANS, GREEN (continued)</b>			
Beans, Green, canned	No. 10 can (101 oz)	45.3	1/4 cup heated, drained vegetable
Cut	No. 10 can (101 oz)	51.1	1/4 cup drained vegetable
includes USDA Commodity	No. 2-1/2 can (28 oz)	12.5	1/4 cup heated, drained vegetable
	No. 2-1/2 can (28 oz)	14.1	1/4 cup drained vegetable
	No. 300 can (15 oz)	5.00	1/4 cup heated, drained vegetable
	No. 300 can (15 oz)	5.77	1/4 cup drained vegetable





## Canned Green Beans: Amount to Purchase

Age Group	Number of Children & Caregivers to Serve	Required Serving Size	Number of ¼-Cup Servings	Purchase Unit	Servings per Purchase Unit	Amount to Purchase
1–2 Years	26	⅛ cup	13			
3–5 Years	10	⅛ cup	5			
Caregivers	11	½ cup	22			
Total			40	No. 10 can	45.3	0.88 or 1
				No. 2½ can	12.5	3.2 or 4
				No. 300 can	5.00	8

## Math Summary for Canned Green Beans

### The Math

**Step 1: Find the number of servings per purchase unit from the FBG.**

- Find “Beans, Green, canned” on page 2-15 of the FBG.
- Select “No. 10 can” for “heated, drained vegetable.”
- Columns 3 and 4 show there are 45.3 ¼-cup servings per No. 10 can.

**Step 2: Determine the number of ¼-cup servings needed by age group.**

- Children ages 1–2 = 26 ⅛-cup servings = 13 ¼-cup servings  
*A ⅛-cup serving is one-half of a ¼-cup serving, so divide the number of ⅛-cup servings by 2 to convert to ¼-cup servings.*  
**Conversion:**  $26 \frac{1}{8}\text{-cup servings} \div 2 = 13 \frac{1}{4}\text{-cup servings}$
- Children ages 3–5 = 10 ⅛-cup servings = 5 ¼-cup servings  
**Conversion:**  $10 \frac{1}{8}\text{-cup servings} \div 2 = 5 \frac{1}{4}\text{-cup servings}$
- Caregivers = 11 ½-cup servings = 22 ¼-cup servings  
*There are two ¼-cup servings in each ½-cup serving, so multiply the number of ½-cup servings by 2 to convert to ¼-cup servings.*  
**Conversion:**  $11 \frac{1}{2}\text{-cup servings} \times 2 = 22 \frac{1}{4}\text{-cup servings}$

**Step 3: Total the number of ¼-cup servings needed.**

$$13 + 5 + 22 = 40 \text{ ¼-cup servings}$$

**Step 4: Divide the total number of ¼-cup servings needed (Step 3) by the number of ¼-cup servings in a No. 10 can (45.3).**

$$40 \div 45.3 = 0.88 \text{ or } 1 \text{ No. 10 can (Always round up to the nearest whole number.)}$$



Which can size is the most cost-efficient to purchase?

This question can be answered with a cost comparison. Compare the prices of the three different can sizes. The three cans of green beans are equal in quality.

**Green Beans**  
**Cost Comparison of Three Different Can Sizes**

Size	Number to Purchase for 40 ¼-Cup Servings	Unit Price	Extended Price
No. 10	1	\$2.58	\$2.58
No. 2½	4	\$0.92	\$3.68
No. 300	8	\$0.51	\$4.08



The No. 10 can is the least expensive. While larger cans and packages generally are less expensive, sometimes this is not the case. A wise shopper always does a cost comparison.

Record the quantity needed on the grocery list.

Menu Items	Quantity
Green Beans, canned	1 No. 10 can



For additional practice, complete Activity 2.

**Activity 2**

Complete the chart below.

**Green Beans**  
**Cost Comparison of Three Different Can Sizes**

Size	Number to Purchase for 80 ½-Cup Servings	Unit Price	Extended Price
No. 10	4	\$2.58	
No. 2½	13	\$0.92	
No. 300	32	\$0.51	



Another cost factor to consider is the work of the employee preparing the meal.

- If No. 300 cans are purchased, the employee has to open more cans. Opening more cans requires more labor time.
- If a larger can is purchased, there are fewer cans to open.





## Apricots: Amount to Purchase

Age Group	Number of Children & Caregivers to Serve	Required Serving Size	Number of ¼-Cup Servings	Purchase Unit	Servings per Purchase Unit	Amount to Purchase
1–2 Years	20	¼ cup	20			
3–5 Years	10	½ cup	20			
Caregivers	8	½ cup	16			
Total			56	No. 10 can	48	1 No. 10
				No. 2½ can	13.2	1 No. 2½ can

Sometimes it is less expensive to purchase two different can sizes.

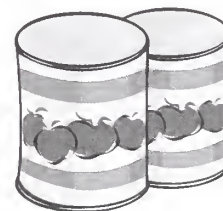
In the apricot example above, if two No. 10 cans of apricots are opened, there will be a lot left over. Therefore, it is more cost-efficient to buy one No. 10 can and one No. 2½ can.

For more information on cost-effective shopping, obtain *From the Trainer's Tablet: Lessons for Family/Home Child Care Providers* (NFSMI, 2003). It is available on the NFSMI Web site at <http://www.nfsmi.org>.



### Key Point

Sometimes it is less expensive to purchase two different can sizes.





### Key Point

Purchasing the appropriate size for herbs and spices will enhance the taste of the food and be more cost-effective.

Once you have compared sizes and determined the most cost-efficient size to purchase, it is not necessary to complete the comparison again unless the cost of any of the can sizes changes.

**Tip:** Once a calculation is made, use a pencil and make a note above that item in your FBG. The next time that item is served, you will not have to do the math unless the number of servings changes.

Pages 39–41 show the grocery list completed in section 3 with the estimated quantities added.

Some child care centers receive USDA commodity foods, and others receive cash-in-lieu of commodities.

- If your center receives USDA commodity foods, you might make a note outside the “Quantity” column to indicate that you will not buy those items.
- Your center might also receive free foods (or pay a small fee for foods) from a food bank. Each week, place a note beside the appropriate foods on the grocery list. The note will serve as a reminder not to order those foods and will be a record of what was received from the food bank.

## Estimating Quantities for Yearly Items

Yearly items are easy to estimate.

Most dry herbs and spices have a shelf life of about 1 year. The important thing to remember is that most herbs and spices lose their ability to season food if they are kept too long.

How do you estimate the quantity to purchase? One way is to look at food receipts for the past year. Another way is to have an experienced employee estimate the amount needed for 1 year only.

Purchasing the appropriate size for your center will

- enhance the taste of the food and
- be more cost-effective.





Here is a spice activity.

### Activity 3

The BBQ Beef Sandwich on the menu for children for Day 3 calls for  $\frac{1}{4}$  teaspoon of cayenne pepper.

You might ask, “How large of a container should the center buy?”

- To answer this question, complete the table below.
- **Note:** One ounce of cayenne pepper is equal to approximately 4 tablespoons. One tablespoon is equal to 3 teaspoons.



Size of Container	No. of Tbsp per oz	How many tsp	How many $\frac{1}{4}$ tsp
1 oz			
2 oz			
8 oz			

Only a small amount of cayenne pepper is required to season most foods.

- The 1 oz container will provide enough to use once per week for almost a year.
- The larger 8 oz container will provide enough to use once per week for about 7 years.

### Estimating Quantities for Standard Stock Items

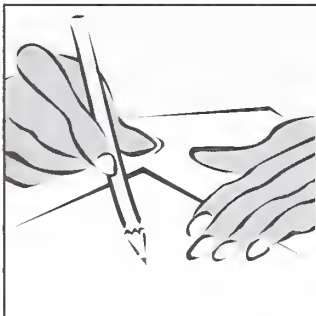
Standard stock items are those foods that are kept on hand all of the time.





### Key Point

The easiest way to arrive at the amount of the standard stock items to keep on hand is to have an experienced employee complete the “Quantity” column on the grocery list.



Look at the completed grocery list on pages 39–41. See if there are any foods you would move from the “Menu Items” list to the “Standard Stock Items” list.

How do you arrive at the amount of the standard stock items to keep on hand?

- The easiest way is to have an experienced employee complete the “Quantity” column on the grocery list.
- Another possible way is to look at food receipts for a month.

The quantities for the standard stock items are developed using the trial and error method.

- The first time, use an **estimated** quantity.
- If you run out of a standard stock item during the first week, increase the amount of that item kept on hand.
- At the end of the first week, make a quick visual review of the pantry to determine if the estimates for some standard stock foods were too high.

It will take approximately 6 weeks of adjusting the quantities up and down to reach a quantity that works for the center.

Once the correct quantity estimates are determined, the list can be used for a long time without a change.



## Grocery List for Standard Stock and Yearly Items

Standard Stock Items	Quantity	Yearly Items	Quantity
Dry Bread Crumbs, enriched, 1 lb	2	Baking Powder, 8 oz	1
Catsup, 24 oz	2		
Chicken Stock, non-MSG, 14 oz	10		
Cheese, Parmesan, grated, 8 oz	1		
Flour, all-purpose, enriched, 5 lb	1	Celery Seed, ½ oz	1
Crackers, whole-grain, enriched, 14 oz	2	Cinnamon, ground, 1 oz	1
Graham Crackers, enriched, 14 oz	2		
Jam, 8 oz	2		
Lemon Juice, 1 qt	1		
Margarine, 1 lb	3		
Mayonnaise, lowfat, 1 gal	1	Granulated Garlic, 2 oz	1
Milk, dry, nonfat, instant, 9½ oz = 3 qt	1		
Pepper, black, 8 oz	1		
Peanut Butter, creamy, 18 oz	8	Mustard, dry, 1 oz	1
Rice, white, enriched, medium-grain, 5 lb	1		
Salt, 26 oz	1	Onion Flakes, dehydrated, 8 oz	1
Soy Sauce, low-sodium, 10 oz	2		
Syrup, maple, imitation, 24 oz	4	Onion Powder, 1 oz	1
Sugar, brown, 1 lb	1	Oregano Leaves, crushed, 1 oz	1
Sugar, granulated, 5 lb	1	Paprika, 1 oz	1
Tomato Paste, 6 oz	3	Parsley Flakes, 2 oz	1
Vegetable Oil, 1 gal	1	Pepper, cayenne, 1 oz	1
Vinegar, white, 1 pt	1	Pepper, white, 1 oz	1
Pan Release Spray, 8 oz	1	Pepper Sauce, hot, 4 oz	1
<b>Infant Formula and Foods:</b>			
Infant Formula, 28 oz	4		
Infant Rice Cereal, 14 oz	3		
Applesauce, commercially prepared, 6 oz	2		
Bananas, commercially prepared, 6 oz	2		
Beets, commercially prepared, 4 oz	3		
Carrots, commercially prepared, 4 oz	3		
Green Beans, commercially prepared, 4 oz	3		
Peaches, commercially prepared, 6 oz	2		
Pears, commercially prepared, 6 oz	2		
Peas, commercially prepared, 4 oz	3		
Plums, commercially prepared, 6 oz	2		
Squash, commercially prepared, 4 oz	3		
Strained Beef, commercially prepared, 2½ oz	2		
Strained Chicken, commercially prepared, 2½ oz	2		
Strained Lamb, commercially prepared, 2½ oz	2		
Strained Turkey, commercially prepared, 2½ oz	2		
Strained Veal, commercially prepared, 2½ oz	2		





## Grocery List for Menu Items

Menu Items	Quantity	Menu Items	Quantity
<b>Dairy Products</b>		<b>Bread</b>	
Chocolate Milk, fluid, 1%	4 gal	Bagel, cinnamon raisin, enriched	2 dozen
Chocolate Milk, fluid, whole	2½ gal	Flour Tortillas, enriched, 10 per pkg	3 pkg
Milk, fluid, 1%	9½ gal	French Toast, enriched, 1 oz, 8 per pkg	5 pkg
Milk, fluid, whole	6½ gal	Raisin Bread, enriched	2 loaves
Cheese, cream	8 oz	Animal Crackers, enriched	4/8-oz
Cheese, Mozzarella, reduced-fat, shredded	1 lb 8 oz	English Muffins, whole wheat, enriched, 8 per pkg	3 pkg
Cheese, Cheddar, reduced-fat, shredded	2 lb 6 oz	White Sandwich Bread, enriched 29 slices per loaf	2 loaves
Yogurt, flavored, lowfat	17/8-oz	Hamburger Rolls, enriched	3 dozen
Yogurt, plain, lowfat	16 oz	Crackers, whole wheat, enriched	3/9-oz
<b>Fresh Produce</b>		<b>Canned and Other Grocery</b>	
Orange Juice	1 gal + ½ gal + 1 qt	Raisins	8 oz
Eggs, fresh, large	3 dozen	Chunky Salsa, mild	5/8-oz
Peaches, fresh	1 lb	Refried Beans	1/No. 10
Watermelon	8-lb melon	Beef Stock, non-MSG	4/14-oz
Pears, fresh	14 lb 7 oz	Applesauce, canned	1/No. 10
Strawberries, fresh	9 pt	Apricot Halves, canned	1/No. 10 +
Bananas, fresh	12 lb 3 oz	Grape Juice, canned	5/46-oz
Apples, fresh	5 lb	Pineapple Cubes, in juice	1/No. 10
Oranges, fresh	16 lb	Peach Slices, canned	2/No. 10 +
Broccoli Florets, fresh	2 lb 4 oz	Green Beans, canned	3/No. 2½
Cauliflower, fresh	1 lb	Tuna, canned, water-packed	1/No. 10
Zucchini, fresh	2 lb	Honey	6/12-oz
Carrots, fresh	3 lb	<b>Frozen</b>	
Baking Potatoes, 100 count	12 lb 8 oz	Broccoli, frozen, chopped	3/12-oz
Tomatoes, fresh	3 lb 15 oz	Carrots, frozen, diced	1 2-lb
Pepper, Bell, fresh	1 whole	Peas, frozen	1 2-lb





### Grocery List for Menu Items (cont.)

Menu Items	Quantity	Menu Items	Quantity
<b>Fresh Produce (cont.)</b>		<b>Fresh or Frozen Meats</b>	
Onions, fresh	2 lb 8 oz	Beef, ground, ≤ 20% fat	6 lb 10 oz
Cabbage, fresh, ready-to-use	1 lb 14 oz	Chicken Thighs, with bone/skin	11 lb 4oz
	1 stalk (approx. 1 lb 4 oz)		
Celery, fresh			



**~ Notes ~**

## Section 5

# Purchasing Rules







## Purchasing Rules

The menus are planned. The grocery list is finished, and the quantities are estimated. You are now ready to decide where to buy groceries!

However, before deciding where to buy groceries, you need to review **food purchasing rules**. Supplies, equipment, and other items for use in food service are also purchased under these rules.

*Laws, regulations, policies, and procedures* are all words used to describe the rules that you must follow when purchasing food for your center.

- State legislatures or the U.S. Congress write *laws*.
- Federal Agencies write *regulations*.
- Sometimes State Agencies write *regulations*.
- Local agencies write *policies* and *procedures*. An example of a local agency is a center's board of directors.

Centers agree to follow Federal regulations when they accept money from the Child and Adult Care Food Program. The money they receive is to help feed the children nutritious meals.

- Federal purchasing regulations are found in the *Code of Federal Regulations* (C.F.R.). The Web site of the C.F.R. is <http://www.gpoaccess.gov/cfr/index.html>.
- Federal purchasing regulations for private non-profit centers are found in 7 C.F.R. pt. 3019.
- Federal purchasing regulations for for-profit centers are found in 7 C.F.R. pt. 226.22.
- Federal purchasing regulations for public centers are found in 7 C.F.R. pt. 3016.



### Key Point

Before deciding where to buy groceries, you need to review food purchasing rules.





## Key Point

Accounting records must be supported by source documentation, such as invoices, grocery receipts, cancelled checks, and bid documents.



The following is a summary of Federal principles related to food purchasing. These principles come from Federal regulations, policy, and guidance. While not every type of center has the same Federal requirements, these principles represent good business practices that all centers should follow.

- **Private non-profit centers must use a formal purchase method (explained below) for purchases of more than \$100,000 or the amount stated in their organization's procedures if that amount is less.<sup>1</sup>**
- **Public centers must use a formal purchase method for purchases of more than \$100,000 or the amount stated in State law or local procedures, whichever is less. In most cases, the State law amount is less than the Federal threshold of \$100,000.<sup>1</sup>**
- **For-profit centers must use a formal purchase method for purchases of more than \$10,000.**

<sup>1</sup> At press time, USDA was in the process of issuing changes to its Child Care Regulations to increase the current \$10,000 small purchase threshold for non-profit and public centers to this higher level. Check with your State Agency for updates.

## Explanation

There are both formal and informal purchase procedures. Formal purchase procedures are sealed bids (IFB—Invitation for Bid) and proposals (RFP—Request for Proposal). Section 10 (Prices and Awards), pages 95–106, gives more information on sealed bids and proposals. An informal purchase method is the small purchase procedure (price quotes).

- **Centers must have written purchasing procedures.**

## Explanation

The purchase plan presented to and approved by the board of directors/owners and the policies of the board/owners become the written procedures.

- **Accounting records must be supported by source documentation.**





## Explanation

Examples of “source documentation” are invoices, grocery receipts, cancelled checks, and bid documents. Centers must keep these in their files to document their actions.

- **The center shall maintain a written standard of conduct for its employees who work with the award and administration of purchasing contracts. Note:** A sample standard of conduct is provided in section 6 (Ethics), pages 49–54.
- **Purchasing transactions shall be conducted in a manner to provide full and open competition.**

### Example 1

In purchasing transactions, a center must be careful not to set unrealistic requirements that restrict competition. An example is a requirement that grocery stores extend the center 90-day credit. If only one grocery store can meet this requirement, then competition has been restricted, and the center has not conducted its purchasing transactions in a manner to provide full and open competition.

### Example 2

Centers must be careful not to place unrealistic delivery requirements on distributors. For example, requiring delivery on Monday morning at 7:00 a.m. can restrict competition. A distributor who comes to the community only on Thursday cannot compete for business. In many communities, there are only a few distributors. Centers must do what is necessary to attract vendors.

- **A center shall not knowingly do business with a company that is debarred (center prohibited from contracting with the company) or suspended (center temporarily prohibited from contracting with the company).**

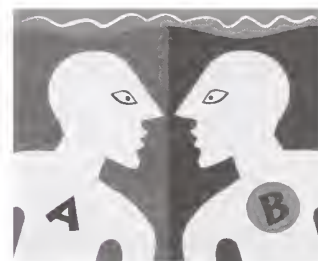
**Note:** A center can comply with this regulation by

- a. checking the Excluded Parties Listing System (EPLS) (online at [www.epls.gov](http://www.epls.gov)) for all vendors or
- b. requiring all vendors responding to an IFB/RFP or with which the center expects to spend \$25,000 or more to certify in writing that they have not been debarred or suspended.



## Key Point

Purchasing transactions shall be conducted in a manner to provide full and open competition.





## Key Point

The use of State, county, and city preference laws is not permitted in Child Nutrition Programs.



- **Contractors that develop or draft specifications, requirements, statements of work, invitations for bid and/or requests for proposal, contract terms, or purchasing procedures shall be excluded from competing for the item to be purchased.**

### Example

A center is considering purchasing a new commercial refrigerator. It contacts a local commercial food service equipment distributor to help write the specifications. When the request for pricing is issued, this distributor will not be eligible to offer a price. However, if several equipment distributors are contacted to provide information on the specifications and the center writes its own specifications, these contractors are all eligible to offer prices.

- **A clear and accurate description of the technical requirements shall be provided for everything that is purchased. Clear and accurate descriptions are important when making price comparisons. Equal products must be compared for the price comparison to be fair.**

### Example

Peaches, canned: sliced; packed in light syrup; to meet U.S. Grade B standard; 24/No. 2½ cans per case.

- **All factors that will be considered when deciding where to purchase food and supplies shall be listed in the instructions of a sealed bid or proposal.**

### Example

- (1) Delivery to the center shall be made after 1:00 p.m. on a day selected by the vendor.
- (2) Net 30-day credit terms shall be extended to the center.

- **Sometimes cities, counties, and States write local geographic preference laws. The use of these preference laws in deciding where or what to purchase is not permitted in Child Nutrition Programs.**

### Example

A State writes a law that says that apples grown in the State where the center is located can be 5% higher and that the center should buy these apples. Centers belonging to the CACFP cannot use this law to purchase the higher-priced apples.



- Centers shall ensure that small businesses, minority-owned firms, and women's business enterprises have an opportunity to compete.

### Explanation

Some small businesses may be more willing to meet a center's special needs. It is less time-consuming to purchase from one large supermarket than to use a small meat market, a produce dealer, or a bread store. This Federal principle encourages centers to give all suppliers the chance to compete for the center's business.



- The type of pricing method used shall be determined by the center. The "cost-plus-a-percentage-of-cost" pricing method shall not be used.

### Example

A large center buys from several institutional distributors. It must obtain price quotes from all the distributors. Palm Tree distributor suggests that the director could save time by allowing them to quote a price of 15% over cost. With this method the invoice would automatically be priced and it would not be necessary to get price quotes. It sounds like a good idea, but Federal principles do not allow this type of pricing. Furthermore, this type of pricing rewards the supplier for selling its most expensive items to the center.

**Note:** Because of sheltered (hidden) income, it is not possible to determine the supplier's actual costs.

- Contracts shall be made only with responsible contractors.

### Example

An institutional distributor had a center's contract last year and the fill rate (percentage of items delivered) was below 75% of the items ordered. The distribution industry standard is 98%. Thus, this distributor is not responsible. According to Federal principles, the center should not make another contract with this distributor.



**Note:** The center should keep copies of its phone calls or letters to a contractor to document poor performance. In the instructions for the center's next IFB, the fill rate required should be stated, and potential vendors should be required to provide their fill rate for the prior year. The IFB should also state that the center will not consider a supplier responsible if there is a record of poor performance.



- Centers shall make purchasing documents available for review by the State or Federal Agency when requested. The documents will be requested when any of the following conditions exist:

- 1) The State Agency is conducting a review.
- 2) The purchasing procedures fail to comply with Federal requirements.
- 3) The purchase is expected to be more than the small purchase threshold (currently \$100,000) and is to be made without competition.
- 4) The purchase is expected to exceed the small purchase threshold and the description specifies a brand name.

**Example:** Catsup: 24/12-oz bottles per case; Tomato brand only.

- 5) The purchase method is a sealed bid (IFB) and the purchase is expected to be more than the small purchase threshold and is to be awarded to a company other than the responsive low bidder.
- 6) A contract modification changes the amount of the contract by more than the small purchase threshold.

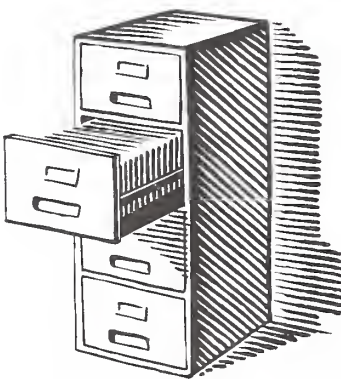
- Some form of cost analysis shall be performed for all purchases.

### Example

A center gets the price of a gallon of whole milk at three grocery stores and writes the prices down: Store 1 = \$2.91, Store 2 = \$2.87, and Store 3 = \$2.93. The center draws a circle around the lowest price. This is an acceptable cost analysis.

- Records related to purchases shall be kept for a period of 3 years from the end of the fiscal year in which the purchase was made, unless the State Agency requests a longer period. In the case of multi-year contracts, records should be kept for 3 years from the end of the fiscal year in which the last purchase was made. If an audit or investigation is in progress, the records shall be kept until the audit or investigation is officially closed.

A list of the Federal principles presented in this section can be found in appendix 6, pages 137–138.



## Section 6

# Ethics









## Ethics

The menu is planned. The grocery list is made. The quantities are estimated.

The Federal food purchasing principles have been reviewed.

Now it is time to study **ethics**.

**Ethics** is a serious topic that deals with what is good and bad and with moral duty and obligation. **Professional ethics** are the principles of conduct governing an individual or a group.

A Federal principle is that all child care centers must have a written standard of conduct for their employees to follow. The standard should have the following features:

- It should contain the information found in the first paragraph of the **model standard of conduct** found on page 50. This information is taken from Federal regulations (7 C.F.R. pt. 3019.42).
- It should contain the first sentence of the second paragraph of the **model standard of conduct** on page 50. This sentence is also taken from Federal regulations (7 C.F.R. pt. 3019.42).
- Each board/owner should set dollar limits on the value of unsolicited gifts and should establish how often these gifts can be accepted.
- Each board/owner should establish policies related to the acceptance of items that contain a brand name.
- Each board/owner should define the disciplinary action that will be taken in the event one of the elements of the standard of conduct is violated.
- The person to contact for an interpretation of the standard of conduct or to report a potential violation should be someone that is independent of the center. It might be necessary to pay someone a small fee for this service.

A **model standard of conduct** is found on page 50.



### Key Point

A Federal principle is that all child care centers must have a written standard of conduct for their employees to follow.





### Model Standard of Conduct

No employee or member of the board of trustees (owner) of Oak Street Child Care Center shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee or board member (owner) or any immediate family member of the employee or board member (owner) has financial interest or other interest in the potential vendor. A conflict of interest would also exist if an organization employs or is about to employ any employee or board member (owner) of Oak Street Child Care Center. It is also a conflict if an organization employs or is about to employ any member of the immediate family of an employee or board member (owner).

The employees, board members (owners), and their immediate families shall neither ask for nor accept gratuities, favors, or anything of monetary value from vendors. Employees and board members (owners) may accept unsolicited gifts with a monetary value less than \$15.00, but they can accept these unsolicited gifts no more than two times per year. Employees and board members (owners) should not use any unsolicited gift which contains a brand name in areas occupied by children or parents. At all times employees and board members (owners) should be aware of how their actions appear to members of the community.

Any employee or board member who violates any of these standards of conduct shall receive a written warning the first time and shall be terminated for any future violation. (If an owner should violate any of these standards of conduct, anyone observing the violation should report it to the State Agency.) If you have a question about this standard of conduct or would like to report a potential violation, please contact James Smith, attorney for the board (owners).

**Note:** The dollar amount for unsolicited gifts, the use of unsolicited gifts containing a brand name, and the disciplinary action in the event of a violation of the standards of conduct are presented as examples only. Each center must establish its own standards for these three issues. The Federal regulation related to a standard of conduct is found at 7 C.F.R. pt. 3019.42.



## Definitions Related to a Standard of Conduct

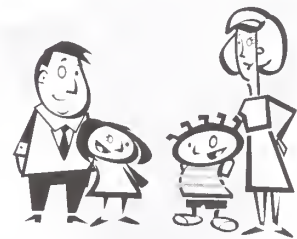
A review of word definitions will help you understand the standard of conduct.

- **Selection of a contract** means deciding where the groceries will be purchased.
- **Award of a contract** means approving the decision on where the groceries will be purchased.
- **Administration of a contract** means actually placing the order for groceries or going to the grocery store to pick up the groceries.
- **Apparent conflict of interest** means that the conflict of interest (as defined by the standard of conduct) is visible or clear to the eye or mind.
- **Monetary** means of or relating to **money** or to the mechanisms by which it is supplied to and circulates in the economy.
- **Immediate family** means mother, father, children, brother, sister, aunt, or uncle.
  - This definition does not normally include cousins.
  - You may find that different people or groups use different definitions for **immediate family**.
  - This definition will serve as a good guide.
  - If a center adopts a different definition, it might consider submitting it to the State Agency for approval.
- **Unsolicited** means the person did not ask for the item or activity.



### Key Point

You may find that different people or groups use different definitions for **immediate family**.





What is the best ethical course of action?

Often, “the right answer” is not quickly visible.

- There may be no right or wrong way to handle a situation.
- One important value may contradict another.
- A good rule of thumb is “If you question an action, do not proceed.”



### Key Point

Often, “the right answer” is not quickly visible. A good rule of thumb is “If you question an action, do not proceed.”



As a professional in the child care industry, it is important that you learn to think through situations with ethics in mind. Here are some questions and answers about ethics.

**Q<sub>1</sub>** A child care center is located in a very small community. There is only one grocery store in this small community. The director’s brother owns the grocery store. The next closest town with a large grocery store is a 1-hour drive. Is there a conflict of interest if the center purchases groceries at this store?

**A<sub>1</sub>** Yes, a conflict of interest exists. A brother is considered immediate family. The center could solve the problem by declaring the relationship. The board of directors/owners could ask the State Agency for permission to purchase from this grocery store.

**Q<sub>2</sub>** The director and cook of a child care center attend a food show sponsored by a local institutional distributor. The purpose of attending the food show is to look for new food products. The cook wins a toaster with a value of \$17.00. Is there an ethics problem if she accepts the toaster and donates it to the center?

**A<sub>2</sub>** There probably is not an ethics problem. There are, however, some dangers. If someone sees the cook leave the food show with the toaster, the person might report that she took it home. If a news organization takes a picture of the cook leaving the food show, it might report something different than the actual intention. At a minimum, the prize should be reported to the owners or at the next board meeting. If your organization is very conservative, you might consider not accepting the toaster.





**Q<sub>3</sub>** ABC Child Care Center has issued an invitation for bid (IFB) for food and supplies for the next 6 months. The IFB is scheduled to open in 2 weeks. XYZ distributor invites the director to lunch. Should the director accept the lunch invitation?

**A<sub>3</sub>** The standard of conduct allows acceptance of unsolicited gifts of less than \$15.00. The director will not be in violation of the standard of conduct if the lunch invitation is accepted. If the director accepts and XYZ distributor is the successful bidder, it might appear that something is not fair about the bid. There is also the danger that the director might reveal some information that will help the distributor win the bid. Although there is no ethics violation regarding managing the bid solicitation in a full and open manner, it is probably best that the invitation be politely refused. Furthermore, if the location selected for lunch is likely to result in a cost in excess of \$15.00, there would be an ethics violation and the invitation should be refused.



**Q<sub>4</sub>** There is a local farmers market in the community where Oak Street Child Care Center is located. The market sells only home-grown fruits and vegetables. A peach farm that sells at the farmers market is owned by the aunt and uncle of the Center's cook. Is there a conflict of interest if Oak Street Child Care Center purchases peaches from this farm?

**A<sub>4</sub>** Yes, there is a conflict of interest if the peaches are purchased from the cook's aunt and uncle as both aunt and uncle are considered immediate family. Although home-grown peaches may taste better than grocery store peaches, this is not a good enough reason to allow purchases that have not gone through the bidding process or are not otherwise approved. However, if you wish to purchase home-grown items at the farmers market, you need to make a list of all immediate family members who sell items at the farmers market. The board of directors/owners must ask permission from the State Agency to purchase from the people on the list.





**Q<sub>5</sub>** Truetime Institutional Distributor is having a food show. The salesperson for the distributor tells the director that if the center purchases \$1,000 worth of food per week for 5 weeks, the distributor will pay for 1 day's hotel and mileage for the director and a companion to attend the food show. The center normally purchases \$800 worth of food a week. The director decides to purchase the \$1,000 worth of food and report to the board of directors/owners that the center has won this free trip to shop for new food products. The free trip is approved by the board of directors/owners. Is there an ethics issue here?

**A<sub>5</sub>** Step 1 in the purchasing process is plan menus. The question does not say what kind of food was ordered with the extra \$200. It appears that the director only reported to the board/owners about winning the trip. It seems the extra food purchases were not reported to the board/owners. Even if the food is used later, the inventory at the center will increase. Again, there is no right or wrong answer, but there is the appearance of a lack of professional behavior.



Section 7

# Vendor Choices







## Vendor Choices (Step 4)

Your choice of places to buy food and supplies depends on the community where your center is located.

- Small or rural communities have fewer choices.
- If the center is close to a large community, the choices increase.

Many terms are used to describe the businesses where a center might purchase food and supplies. These are the words that you will find with the meaning “**a business that sells food and supplies**”:

- vendors,
- suppliers,
- stores,
- distributors,
- retail vendors, and
- wholesale vendors.

Identifying your choices is called a **market area analysis**.

What are the possible choices?

- Specialty stores
- Local grocery stores
- Supermarkets
- Wholesale clubs
- Wholesale grocery distributors
- Institutional distributors
- Institutional jobbers



### Key Point

Your choice of places to buy food and supplies depends on the community where your center is located.





Here is a possible list of choices with the advantages and disadvantages of each choice.

### Specialty Stores

**Specialty stores**, such as fish markets and bread outlets, offer special services.

#### Advantages

- A local meat or fish market will sell you the exact amount of meat you need. They will also cut it the way you want.
- A fresh produce stand or farmers market will allow you to purchase the exact number of pieces of fruit needed.
- Fruits and vegetables purchased at a farmers market are fresh from the garden or field.
- A bread outlet store will sell day old bread at a much lower price.

#### Disadvantages

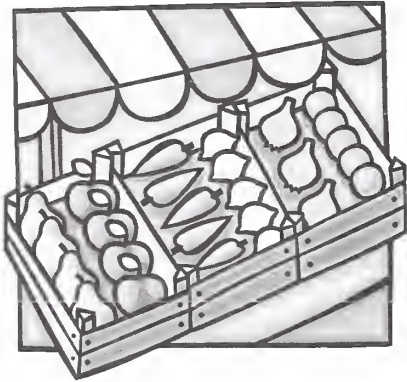
- The variety of food and supply items may be limited.
- Child nutrition (CN) labeled convenience foods are not available.
- Most specialty stores usually do not deliver.
- It will take time to pick up the items needed.
- The limited choices may cause you to make more stops to pick up items.

### Local Grocery Stores

**Local grocery stores** may be your only choice.

#### Advantages

- They usually have fresh, frozen, and canned foods.
- They have a convenient location.
- They may offer charge accounts.
  - Because of the charge account, you can write just one check a month at the end of the month.
  - You can use the store's money until you have collected tuition or government payments.





### Disadvantages

- Because they are small, they offer a limited variety of food.
- CN labeled convenience foods are not available.
- It will be necessary to purchase canned foods in small cans and frozen foods in small packages. Therefore, it will take more time to prepare meals since additional time will be spent opening more cans or boxes.
- Because there is no delivery, it will take time to pick up the items needed.

## Supermarkets

Supermarkets offer more choices than small grocery stores.

### Advantages

- They usually have a wide variety of fresh, frozen, and canned foods.
- They provide weekly promotions (sometimes called “**loss leaders**”) with cost savings benefits.
- They are often open around the clock (24/7) to provide a wide range of time to go and buy food and supplies.
- It is possible to purchase No. 10 cans in most supermarkets. The use of No. 10 cans will reduce meal preparation time.
- Charge accounts may be available in supermarkets.



### Disadvantages

- CN labeled convenience foods are not available.
- There is limited delivery.

## Wholesale Clubs

Wholesale clubs offer more choices of larger containers.

### Advantages

- It is possible to purchase at wholesale prices at these clubs.
- It is possible to purchase No. 10 cans and other quantity pack items.
- It is possible to place an order by phone, and the wholesale club will gather the items ordered and have them ready for pick up.



## Disadvantages

- Most wholesale clubs do not offer charge accounts.
- CN labeled convenience foods are not available.
- Wholesale clubs charge an annual membership fee.
- Because there is no delivery, it will take time to pick up the items needed.

## Wholesale Grocery Distributors

**Wholesale grocery distributors** deliver to small grocery stores. They will also deliver to restaurants, child care centers, convenience stores, nursing homes, hospitals, and schools.

## Advantages

- These distributors offer charge accounts and delivery.
- A salesperson may call to take your order, or your order may be placed by phone or computer.

## Disadvantages

- Most of the cans are small home-size.
- They sell very few frozen foods.
- CN labeled convenience foods are not available.
- Minimum delivery requirements may apply.



## Key Point

CN labeled convenience foods are available through institutional distributors.

## Institutional Distributors

**Institutional distributor** means a vendor that sells and delivers institutional-size (large) products to restaurants, schools, child care centers, hospitals, nursing homes, and other large feeding operations.

## Advantages

- These distributors offer the advantage of charge accounts and delivery.
- A salesperson may call to take your order, or your order may be placed by phone or computer.
- CN labeled convenience foods are available.





### Disadvantages

- Minimum delivery requirements may apply.
- The containers may be too large for your center.
- It will be necessary to carefully evaluate your center's needs.

## Institutional Jobbers

**Institutional jobbers** purchase food from an institutional distributor or a wholesale grocery distributor.

### Advantages

- Jobbers go from account (centers) to account and sell the food they have purchased. The food is carried with them in a van or truck and is delivered immediately when sold.
- They offer a combination of large and home-size containers.

### Disadvantages

- The food must be paid for when purchased.
- There is a limited selection of food.
- You do not know in advance what they will have for sale.
- Often they do not have refrigerated trucks, so you must check the temperature control more closely.



### Key Point

It will be necessary to carefully evaluate your center's needs before buying from institutional distributors.

## Activity 4

Think about the community in which your center is located. List the types of vendors you can purchase from.

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_
- 4) \_\_\_\_\_
- 5) \_\_\_\_\_



If you are not sure what vendors serve your community, what should you do?



- Ask questions.
- Ask other child care centers, schools, restaurants, nursing homes, and hospitals.
- Ask your State Child and Adult Care Food Program (CACFP) Agency or licensing agency representative.
- If you have a sponsoring agency, ask its representative.
- Read the names of companies on the trucks that you see delivering in your community.
  - Copy the phone numbers from the truck door and call the vendors.
  - Ask the vendors if they are interested in doing business with your center.

It will be helpful for a center to prepare an information sheet to distribute to vendors. If you purchase from a vendor that charges purchases, you may be required to complete credit information forms.

The information sheet should tell the vendor about your center and provide credit information.

The sheet should contain the following information:



### Key Point

It will be helpful for a center to prepare an information sheet to distribute to vendors.

- Name of the center
- Address, phone number, fax number, E-mail address
- Organization of the center
  - Non-profit, for-profit, or public
  - If non-profit, list of members of board of directors
  - If for-profit, list of owners
- Number of meals served daily
- Days and hours of operation
- The name, address, and phone number of the center's bank and the officer who handles the center's account
- The names of the center's employees authorized to place food orders

Page 61 contains an example of an information sheet for vendors.



## Information Sheet for Vendors

Oak Street Child Care Center  
6712 Oak Street  
Anywhere, USA  
Telephone: 901-XXX-XXXX  
Fax: 901-XXX-XXXX  
OSCCC@internet.org

This is a non-profit center and has a five-member board of directors. The members of the board are

John Jones—Account Manager, Anywhere, USA Bank,  
Mary Jones—parent and Human Resource Director, Jones Industries,  
Allison Allred—parent and attorney at law,  
Jack Overall—parent and farmer, and  
Mary Jo Misteel—owner, Mary's Gifts and More.

Oak Street Child Care Center participates in the USDA Child and Adult Care Food Program. It serves an average of 40 breakfasts, 50 lunches, and 56 snacks daily. It is open from 7:00 a.m. to 6:30 p.m. Monday through Friday, 52 weeks a year, except for certain holidays. The annual food purchases are approximately \$36,000.

The center serves infants and children through 5 years of age.

The Center's bank is Citizens Bank, 100 Bunches Street, Maple City, USA 39876, 901-XXX-XXXX, John Jones, Account Manager.

Sue Sizemore, Center Director/Manager, is authorized to place food orders.



~ Notes ~

## Section 8

# Most Efficient Place to Purchase









## Most Efficient Place to Purchase

Remember the steps discussed earlier:

- Step 1—plan the menus,
- Step 2—develop the grocery list,
- Step 3—estimate quantities, and
- Step 4—analyze the market (vendor choices).

Combining the information discussed in Steps 1–4 will help you determine the most efficient place to purchase.

Specialty stores, local grocery stores, supermarkets, institutional jobbers, and wholesale clubs are basically **retail vendors**.

- When purchasing from a retail vendor, it is possible to buy one of almost any item.
- The price may be higher in a retail store, but purchasing the exact amount needed is important to
  - cost and
  - inventory control.

Wholesale grocery distributors and institutional distributors are **wholesale vendors**.

- Wholesale vendors do not often break cases and, therefore, you must purchase a full case. Examples of full cases are 6 No. 10 cans, 24 No. 2½ cans, a 20 lb lug of fresh tomatoes, or an 18 or 23 lb lug of seedless grapes.
- Prices may be lower when purchasing wholesale quantities.
- However, the center may not have enough storage space to purchase in full cases, or the size of the inventory may be of concern.
- Be careful! The word “wholesale” is not a trademark.
- Some vendors may use “wholesale” in their name, but their pricing structure follows that of a retail store.

## Purchasing the Correct Size

Your decision of where to buy groceries will depend on

- the quantity you need to buy and
- the choice of vendors available in your area.



### Key Point

Your decision of where to buy groceries will depend on the quantity you need to buy and the choice of vendors available in your area.





### Key Point

Every center should have an inventory goal. This goal should be stated in dollars and number of days.



When making the decision of where to buy, consider how inventory will be controlled.

Controlling inventory will

- reduce food costs,
- reduce waste,
- reduce theft,
- reduce the need for cash to pay bills,
- reduce the need for storage, and
- reduce the risk of spoilage.

**Note:** If the food is still in the grocery store or at the distributor's warehouse when it spoils, it still belongs to the grocery store or distributor.

Every center should have an inventory goal.

- The goal should be stated in dollars and number of days.
- With limited storage and the possibility of receiving weekly or every other week delivery, an inventory of 7 to 14 working days is an achievable goal.
- A center serving 50 children and caregivers with a 7-working-day inventory would require an investment of approximately \$3,000 for inventory. (See budget on page 123 for information on how this amount was determined.)
- That same center with a 14-working-day inventory would require an investment of \$6,000 for inventory.

Purchasing the correct size is a part of controlling inventory. Salt is a good example. Use the following information to do Activity 5 on page 65.

### Salt Facts

Oak Street Child Care Center uses about 5 Tbsp of salt per week.

Salt is purchased in 1 lb boxes.

1 oz of salt is equal to 1½ Tbsp.

There are 24 1 lb boxes in a case.




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**Activity 5**


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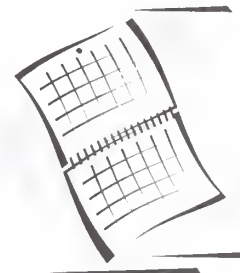
1. How long will a 1 lb box of salt last at Oak Street Child Care Center?

**Answer:**

1 oz x 16 oz per lb = 16 oz in one box of salt

16 x 1½ Tbsp = 24 Tbsp in one box of salt

24 Tbsp ÷ 5 Tbsp per week = 4 weeks to use one box of salt



2. If a 1 lb box of salt will last 4 weeks (or about a month), how long will a case of salt last? \_\_\_\_\_
3. For Oak Street Child Care Center, is it good inventory control to purchase a case of salt? YES NO
4. List the retail vendors where a single box of salt could be purchased:
- 1)
  - 2)
  - 3)
- 

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**Activity 6**


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Oak Street Child Care Center has 50 children and caregivers. If another center serves 100 children and caregivers and a third center serves 150, would the decision to buy by the case be different?

This activity will help you answer this question.

Fill in the last three columns of the chart “Length of Time to Use Food” on page 66 by calculating how long a case/pack of each item will last each center. The first item, catsup, is done for you.

Then, complete the chart “Food Taking More Than Two Weeks to Use” on page 66 by listing the items in the chart “Length of Time to Use Food” for which a case/pack will last more than 2 weeks.

---





### Length of Time to Use Food

Item	Quantity Needed for One Week			Case/ Pack	How Long Will It Take to Use?		
	Center A (50)	Center B (100)	Center C (150)		Center A (50)	Center B (100)	Center C (150)
Catsup, 24 oz	1	2	3	12/ 24 oz	3 months	1½ months	1 month
Chicken Stock, 14 oz	10	20	30	24/ 14 oz			
Flour, 5 lb	2½ lb	5 lb	7½ lb	12/5 lb			
Graham Crackers, 14 oz	2	4	6	12/ 14 oz			
Jam, 8 oz	2	4	6	24/8 oz			
Lemon Juice, 1 qt	1	2	3	12/1 qt			
Mayonnaise, 1 gal	1	2	3	4/1 gal			
Margarine, 1 lb	3	6	9	36/1 lb			
Sugar, granulated, 5 lb	1 lb	2 lb	3 lb	12/5 lb			
Tomato Paste, 6 oz	2	4	6	24/6 oz			

### Food Taking More Than Two Weeks to Use

Center A (50)	Center B (100)	Center C (150)



As the previous activity shows, even for large centers, there are not many items that should be purchased by the case.

If inventory is to be controlled at the 7-to-14-day level, most items will need to be purchased from a **retail vendor**.

In the previous activity, did you recognize most of the items as belonging to the standard stock grocery list?

## Finding a Vendor

A look at the grocery list on page 40 indicates that Oak Street Child Care Center uses about 21 gallons of milk a week. If storage is adequate to receive one delivery a week, it is possible that a specialty vendor or jobber would be interested in this business.

- Few milk companies actually operate delivery routes.
- Most milk companies sell routes to independent jobbers.
- The only connections between the jobber and the milk processor are the brand of milk and the acts of processing orders and purchasing milk.

Most institutional distributors now sell milk.

- Purchasing milk from an institutional distributor might help meet the minimum delivery requirement.
- Once the minimum delivery requirement is met, other items that are available only from an institutional distributor could be ordered.

How can you get a milk vendor?

- Make a list of all the milk vendors that deliver to grocery stores, schools, and restaurants in your community.
- Contact the milk company headquarters and determine if they operate the delivery route or use a jobber. If they use a jobber, request information on how to contact the jobber.
- Prepare a request for price quotes for milk.
  - An excellent resource on milk bids is the local school system. It is possible that the school system will bid your milk at the same time it issues its request for prices, but the school system may charge a fee for this service.



### Key Point

If inventory is to be controlled at the 7-to-14-day level, most items will need to be purchased from a **retail vendor**.







- Contact each company or jobber and discuss your business needs. Provide the date you will open price quotes.
- Mail the request for price quotes.
- If you receive more than one price response, follow your guidelines in the request for prices and award the contract.
- If you receive only one response, compare the price offered to the price you would pay at a grocery store. Provide all of the information related to milk to your State Agency and request permission to award the contract even though competition is inadequate.
- If you are interested in reading more about milk purchasing, see *First Choice: A Purchasing Systems Manual for School Food Service* (USDA/FNS, 2002). This manual can be viewed online at <http://www.nfsmi.org>. This Web site also has information on purchasing a copy.

What about bread? How do you choose a vendor for bread?

- The bread purchases for a center are not normally large enough for a direct delivery from a bread company.
- Bread that is frozen within 6 hours of baking will taste like fresh bread when defrosted.
  - Many institutional distributors stock frozen bread.
  - If a center has enough storage space for a 1 week supply of frozen bread, an institutional distributor is a good choice for a bread vendor.
- If the frozen storage in a center is not adequate, then a retail vendor is the best source for bread.

### Retail or Wholesale Vendor

When should a center buy from a retail vendor, and when should it buy from a wholesale vendor?

The following activity will help answer this question.



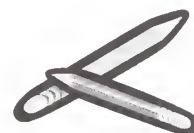


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**Activity 7**

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Considering both the quality and shelf life of the food, answer the following questions about the foods listed in the chart on pages 70–72. To determine the items that should be purchased at a wholesale vendor, count the items that would be used in 1 week (7 days) or less. Everything not purchased from a wholesale vendor would be purchased from a retail vendor.



**Note:** Remember that there are exceptions to every rule. Determine what exceptions will be made and be able to explain why.

- 1) How many of the items for Center A are best purchased from
    - a. a retail vendor?
    - b. a wholesale vendor?
  
  - 2) How many of the items for Center B are best purchased from
    - a. a retail vendor?
    - b. a wholesale vendor?
    - c. a wholesale vendor with a few extra from a retail vendor?
  
  - 3) How many of the items for Center C are best purchased from
    - a. a retail vendor?
    - b. a wholesale vendor?
    - c. a wholesale vendor with a few extra from a retail vendor?
-



## Length of Time to Use Food

Item	Quantity Needed for One Week			Case/ Pack	How Long Will It Take to Use?		
	Center A (50)	Center B (100)	Center C (150)		Center A (50)	Center B (100)	Center C (150)
Eggs, fresh, large	4 doz	8 doz	12 doz	15 or 30 doz	1 or 2 months	2 weeks or 1 month	1 or 2 weeks
Peaches, fresh	3 lb	6 lb	9 lb	½ bushel or 25 lb loose fill lug	2 months	1 month	2 weeks
Watermelon	1/10 lb	2/10 lb	3/10 lb	per melon	1 week	1 week	1 week
Pears, fresh	13 lb 4 oz	26 lb 8 oz	39 lb 12 oz	36 lb loose fill carton	2¾ weeks	1⅓ weeks	(1)
Strawberries, fresh	9 pt	18 pt	27 pt	12 pt or 6 qt per flat	1½ weeks	(2)	(2)
Bananas, fresh	16 lb	32 lb	48 lb	40 lb	2½ weeks	1¼ weeks	(3)
Apples, fresh	6 lb 12 oz	13 lb 8 oz	20 lb 4 oz	(4)	6 weeks	3 weeks	2 weeks
Oranges, fresh	14 lb 5 oz	28 lb 10 oz	42 lb 15 oz	(4)	2¾ weeks	1⅓ weeks	(5)
Broccoli Florets, fresh	1 lb	2 lb	3 lb	4/3 lb	3 months	1½ months	1 month

- (1) It would be necessary for this center to purchase 1 case from a wholesale vendor and 3 lb from a retail vendor. The center might find it more convenient to purchase the entire amount from the retail vendor.
- (2) A center for 100 children would need 1½ flats of strawberries. The wholesale vendor might split a flat; it would be necessary for the center to ask. The vendor may charge more if they have to split a case. In some cases, splitting the case causes the product to become damaged and, therefore, the quality is lower. If the wholesale vendor will not split a flat, the center could purchase 1 flat at wholesale cost and 6 pints from a retail vendor. The center for 150 children would need to purchase 2 flats from the wholesale vendor and 3 pints from a retail vendor.
- (3) The center for 150 children could purchase 1 box from a wholesale vendor and 8 lb from a retail vendor.
- (4) Apples and oranges are purchased by count per box. A 125-count apple box or a 138-count orange box will weigh approximately 40 lb.
- (5) The center for 150 children would need to purchase 1 box of oranges from a wholesale vendor and 3 lb from a retail vendor.



### Length of Time to Use Food (cont.)

Item	Quantity Needed for One Week			Case/ Pack	How Long Will It Take to Use?		
	Center A (50)	Center B (100)	Center C (150)		Center A (50)	Center B (100)	Center C (150)
Carrots, fresh	7 lb	14 lb	21 lb	50 lb bag loose or 40/1 lb or 24/1 lb	3½ weeks	1⅓ weeks	1 week
Celery, fresh	1 stalk	2 stalks	3 stalks	18, 24, or 36 stalks	6 months	3 months	1½ months
Tomatoes, fresh	5 lb 12 oz	11 lb 8 oz	17 lb 4 oz	18 or 20 lb flat	3+ weeks	1⅓ weeks	1 week
Peppers, Bell, fresh	7 oz (approx. 2)	14 oz	1 lb 7 oz	25 or 30 lb carton	1 year	6 months	3 months
Onions, fresh	3 onions or 1 lb	2 lb	3 lb	25 or 50 lb	6 months	3 months	2 months
Baking Potatoes, 100 count	10 lb	20 lb	30 lb	5, 10, 20, 50, or 100 lb	1 week	1 week	1 week
Cabbage, fresh	3 lb 8 oz	7 lb	10 lb 8 oz	50 lb	3½ months	1⅓ months	1 month
Chunky Salsa, mild	3/16 oz	6/16 oz	9/16 oz	24/16 oz	2 months	1 month	2⅓ weeks
Refried Beans	2/No. 2½	4/No. 2½	6/No. 2½	24/No. 2½	3 months	1½ months	1 month
Beef Stock	4/14 oz	8/14 oz	12/14 oz	24/14 oz	1½ months	3 weeks	2 weeks
Applesauce, canned	1/No. 10 + 2/No. 2½	2/No. 10 + 3/No. 2½	4/No. 10	6/No. 10 or 24/No. 2½	1¾ months	1 month	1½ weeks
Apricot Halves, canned	2/No. 10 + 1/No. 2½ + 1/No. 300	5/No. 10	7/No. 10 + 1/No. 2½	6/No. 10, 24/No. 2½ or 24/No. 300	1 month	1¼ weeks	1 week



## Length of Time to Use Food (cont.)

Item	Quantity Needed for One Week			Case/ Pack	How Long Will It Take to Use?		
	Center A (50)	Center B (100)	Center C (150)		Center A (50)	Center B (100)	Center C (150)
Grape Juice, canned, 46 oz	5/46 oz	10/46 oz	15/46 oz	12/46 oz	2 weeks	1 week	< 1 week
Pineapple Cubes, in juice	1/No. 10	2/No. 10	3/No. 10	6/No. 10	6 weeks	3 weeks	2 weeks
Peach Slices, canned	2/No. 10	4/No. 10	6/No. 10	6/No. 10	3 weeks	1½ weeks	1 week
Green Beans, canned	2/No. 2½	1/No. 10	1/No. 10 + 2/No. 2½	6/No. 10 or 24/No. 2½	3 months	1½ months	1½ months
Tuna, canned, water- packed, 12 oz	6/12 oz	12/12 oz	18/2 oz	24/12 oz	4 weeks	2 weeks	1⅓ weeks
Honey, 16 oz	2/16 oz	4/16 oz	6/16 oz	24/16 oz	3 months	1½ months	1 month
Vegetables, mixed, frozen	3 lb	6 lb	9 lb	12/3 lb	3 months	1½ months	1 month
Broccoli, frozen, chopped	2 lb 4 oz	4 lb 8 oz	6 lb 12 oz	12/2½ lb	3 months	1½ months	1 month
Beef, ground, ≤ 20% fat	6 lb 8 oz	13 lb	19 lb 8 oz	10 lb	1½ weeks	< 1 week	< 1 week
Chicken Thighs, skinless	12 lb	24 lb	36 lb	10 lb	< 1 week	< 1 week	< 1 week



There are some items that are available only from an institutional distributor.

- Those are the items that a center would like to purchase with a Child Nutrition (CN) label.
- Section 9 has more information on CN labels.
- Examples of these types of products are chicken nuggets, fish portions, heat and serve pizza, and corn dogs.
- It will be difficult for a small center to purchase enough to meet the minimum requirements for a delivery from an institutional distributor. Although the minimum order amount varies by distributor, it is normally \$150 or greater.
- An option a center might consider to obtain these items is to ask a restaurant or school to order CN labeled products with their weekly delivery. The center may have to pay a fee for this service.



In summary, the decision on the most efficient place to purchase must be based on the following variables:

- the choice of vendors available in the community where the center is located,
- the inventory goals of the center,
- the quantity of food used by the center,
- the type of food the center wants to purchase,
- the wholesale pack per case, and
- the shelf life of the food (how long it can be stored before food safety or quality is lowered).



~ Notes ~



Section 9

# Quality Standards





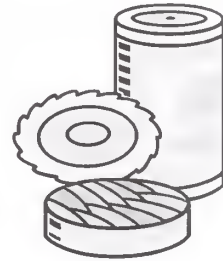


## Quality Standards (Step 5)

There are many parts to defining and measuring quality.

These parts include

- the ingredient list on the label,
- nutrient content information,
- CN label information,
- taste,
- appearance,
- children's acceptance,
- food preparation,
- grade standards, and
- cost.



This section provides information on some of the parts of defining and measuring quality.

Reading food labels is a **key** element in developing quality standards.

Food labels are a reliable source of information. The United States Department of Health and Human Services/Food and Drug Administration (HHS/FDA) regulates the information on food labels.

### Labels for Retail and Wholesale Food

Food labels include the following information:

- the common name of the product;
- the name and address of the manufacturer, packer, or distributor;
- the net contents in terms of weight, measure, or count; and
- the ingredient list.

**Note:** The first ingredient on the ingredient list is the one in the greatest amount (by weight) and the last one is the one in the least amount.



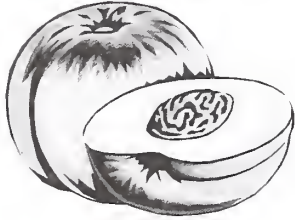
#### Key Point

Reading food labels is a **key** element in developing quality standards.



The ingredient list can help you determine the quality of a food.

- When you need to compare the quality of different brands to decide which one you want to buy, it is helpful to write down and compare the ingredient lists.
- Activity 8 on page 77 is an ingredient comparison of three brands of a simple food—peaches.
- Activity 9 on page 78 is an ingredient comparison for brands of refried beans.
- Activity 10 on page 79 is an ingredient comparison for brands of tuna.



It is not necessary to list all of the ingredients to determine the quality of a food. The first five or six ingredients will provide the information needed to make a decision.

### Understanding Label Language

Words that you do not understand may be included in the ingredient list.



- The information services desk at the National Food Service Management Institute (NFSMI) will help answer your questions. NFSMI is funded by the U.S. Congress to provide research and education support for Child Nutrition Programs.
- If you have access to a computer, you can contact NFSMI via E-mail at [nfsmi@olemiss.edu](mailto:nfsmi@olemiss.edu), or you can visit their Web site at <http://www.nfsmi.org>.
- The NFSMI toll-free telephone number is 800-321-3054 and the fax number is 800-321-3061.

**Activity 8**

An ingredient comparison is one part of the quality decision. In this activity, all other quality factors for the peaches are equal. Use only the ingredient lists in the following chart to answer the questions below.

**Ingredient Comparison for Peaches**

	Sample A	Sample B	Sample C
Brand	Copper	Spot	Cleo
Name on Label	Sliced Peaches, Yellow Cling Peaches in Heavy Syrup	Lite Sliced Peaches, Pear Juice from Concentrate	Lite Sliced Peaches, Yellow Cling Peaches in Extra Light Syrup
1st ingredient	Peaches	Peaches	Peaches
2nd ingredient	Water	Water	Water
3rd ingredient	Corn Syrup	Pear Juice from Concentrate	Sugar
4th ingredient	Sugar		

Which brand has the higher quality? \_\_\_\_\_

Which brand would you purchase? \_\_\_\_\_

Why would you purchase this brand of peaches? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## Activity 9

An ingredient comparison is one part of the quality decision. In this activity, answer the questions below as if all other quality factors were equal. Use the ingredient lists in the following chart in answering the questions.

**Ingredient Comparison for Refried Beans**

	Sample A	Sample B	Sample C	Sample D
Brand	Maple Brand	Hickory Brand	Ash Brand	Cypress Brand
Name on Label	Vegetarian Blend Refried Beans	Fat Free Refried Beans	Refried Beans	Fat Free Refried Beans
1st ingredient	Cooked Pinto Beans	Cooked Pinto Beans	Cooked Pinto Beans	Cooked Pinto Beans
2nd ingredient	Water	Water	Water	Water
3rd ingredient	Salt	Salt	Salt	Salt
4th ingredient	Soybean Oil	Dried Pink Beans	Partially Hydrogenated Lard with BHA and BHT to protect flavor	Onion Powder
5th ingredient	Dried Pink Beans	Dried Onions and Dried Garlic	Onion Powder	Garlic Powder
6th ingredient		Soybean Oil	Chili Pepper	

Which brand of these refried beans (could be more than one) would you purchase?

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Why did you decide to purchase that/those brand(s) of refried beans?

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### Activity 10

An ingredient comparison is one part of the quality decision. In this activity, answer the questions below as if all other quality factors were equal. Use the ingredient lists in the following chart in answering the questions.

**Ingredient Comparison for Tuna**

	Sample A	Sample B	Sample C
Brand	Atlantic	Pacific	Gulf
Name on Label	Chunk Light Tuna in Water	Solid White Albacore Tuna in Spring Water	Chunk Light Tuna in Vegetable Oil
1st ingredient	Chunk Light Tuna	Solid White Tuna	Chunk Light Tuna
2nd ingredient	Water	Spring Water	Soybean Oil
3rd ingredient	Vegetable Broth (contains soy)	Vegetable Broth (contains soy)	Vegetable Broth (contains soy)
4th ingredient	Salt	Salt	Salt
5th ingredient		Pyrophosphate	

Which brand of tuna would you buy? \_\_\_\_\_

Why did you select that brand of tuna? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



## Labels for Retail Food



### Key Point

Food products that are packaged for sale in a retail store must contain all the information required on all food labels plus nutrition information and serving sizes.

Food products that are packaged for sale in a retail store must contain all the information required on all food labels plus

- nutrition information and
- serving sizes.

The serving sizes listed on food labels are for healthy adults and not for children, so the serving sizes need to be adjusted for children.

The nutrition information on a label may contain words such as *low fat*, *high fiber*, *free*, *low*, and *light*.

- These words are clearly defined.
- The definitions for these and other words can be found in appendix G, “Nutrient Descriptors and Their Definitions,” in *Building Blocks for Fun and Healthy Meals* (USDA/FNS, 2000).

Nutrition information and serving sizes are found on the Nutrition Facts panel. An example of the Nutrition Facts panel on a food label is found on page 81.

How will the information on the Nutrition Facts panel help you make decisions concerning quality?

- Look for a lower value for nutrients most people need to limit, such as
  - fat,
  - saturated fat, or
  - sodium.
- Look for higher values for nutrients most people need to increase in their diets, such as
  - vitamins and
  - minerals.



Activity 11 on page 82 contains the information from the Nutrition Facts panels of three different brands of tuna fish.



**Amount per serving:** Serving sizes are (1) more consistent across product lines, (2) are stated in both household and metric measures, and (3) reflect the amounts people actually eat.

**List of nutrients:** This list covers those nutrients most important to the health of today's consumers. Most consumers need to worry about getting too much of certain nutrients (fat, for example) rather than too few vitamins or minerals, as in the past.

**Calories per gram:** The labels of larger packages like this one tell the number of calories per gram of fat, carbohydrate, and protein.

**Nutrition Facts:** This title signals that the label contains the required information.

## Nutrition Facts

Serving Size ½ cup (114g)

Servings Per Container 4

### Amount per serving

Calories 90      Calories from fat 30

### % Daily Value\*

Total Fat 3g      5%

Saturated Fat 0g      0%

Cholesterol 0mg      0%

Sodium 300mg      13%

Total Carbohydrate 13g      4%

Dietary Fiber 3g      12%

Sugars 3g

Protein 3g

Vitamin A 80%      \*      Vitamin C 60%

Calcium 4%      \*      Iron 10%

\*Percent daily values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.

	Calories	2,000	2,500
Total Fat	Less than	65g	80g
Sat Fat	Less than	20g	25g
Cholesterol	Less than	300mg	300mg
Sodium	Less than	2,400mg	2,400mg
Total Carbohydrate		300g	375g
Dietary Fiber		25g	30g

Calories per gram:  
Fat 9 \* Carbohydrate 4 \* Protein 4

**Calories from fat:** Calories from fat are shown on the label to help consumers meet the *Dietary Guidelines for Americans 2005* that recommend people keep total fat intake between 20 to 35 percent of calories, with most fats coming from sources of polyunsaturated and monounsaturated fatty acids.<sup>1</sup>

**Percent Daily Value:** This shows how a food fits into the overall daily diet.

**A note about daily values:** Some daily values are maximums, as with fat (65 grams or less). Others are minimums, as with carbohydrate (300 grams or more). On the label of larger packages such as the one pictured here, the daily values for a 2,000 calorie diet *and* a 2,500 calorie diet are listed.

Adapted from *Building Blocks for Fun and Healthy Meals* (USDA/FNS, 2000, p. 76).

<sup>1</sup>At press time, CACFP nutrition guidance recommends that people get no more than 30 percent of their calories in their overall diet from fat.



## Activity 11

Look at the nutrition facts for tuna in the following chart. All other quality factors for the brands of tuna are equal. Consider just the nutrition facts and answer the questions below.

**Nutrition Facts for Tuna**

	Sample A	Sample B	Sample C
Brand	Atlantic	Pacific	Gulf
Name on Label	Chunk Light Tuna in Water	Solid White Albacore Tuna in Spring Water	Chunk Light Tuna in Vegetable Oil
Serving Size	¼ cup	¼ cup	¼ cup
Servings per Container	2.5	2.5	2.5
Calories per Serving	60	70	110
Calories from Fat	5	10	50
Total Grams of Fat	0.5 g	1 g	6 g
Grams of Saturated Fat	0	0	1 g
Sodium	250 mg	250 mg	250 mg

Which two brands of tuna would you buy?

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_

Why did you choose those two brands of tuna?

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## Child Nutrition Labels

Child Nutrition (CN) labels are a part of the Child Nutrition (CN) Labeling Program.

- This is a voluntary Federal labeling program for Child Nutrition Programs.
- The CN Labeling Program protects centers that use CN labeled products against audit claims, as long as the centers follow the label serving size.

Food products with CN labels are available only from wholesale distributors.

A CN label indicates a food's contribution to the meal pattern requirements of Child Nutrition Programs.

Commercially prepared food products that contribute to the meat/meat alternate component of the meal pattern requirement are eligible for a CN label.

Examples of these products are

- beef patties,
- pizzas,
- breaded fish portions, and
- other main dish items.

Juice and juice drink products that contain at least 50% full-strength juice by volume are also eligible for the CN label.

A CN label will always contain the following:

- the distinctive CN border,
- the meal pattern contribution statement,
- a unique six-digit product identification number (in the upper right hand corner),
- the USDA/FNS authorization statement, and
- the month and year of final FNS approval (at the end of the authorization statement).



### Key Point

A CN label indicates a food's contribution to the meal pattern requirements of Child Nutrition Programs.





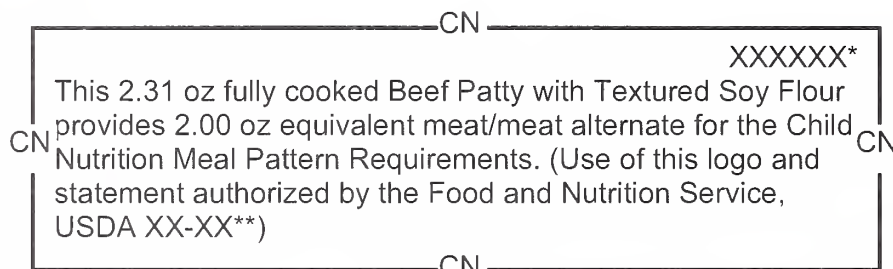


The following is a sample CN logo from appendix C-3 of the *Food Buying Guide for Child Nutrition Programs* (USDA/FNS, 2001).



## Key Point

A CN label will always contain the distinctive CN border, the meal pattern contribution statement, a unique six-digit product identification number, the USDA/FNS authorization statement, and the month and year of final FNS approval.



\*CN identification number  
\*\*Month & year of approval

**Note:** The Xs in the sample CN logo are only used to demonstrate the placement of the CN identification number and the final date. If you receive a CN labeled product containing all Xs (or other non-number symbols) or all zeros as the CN identification number, that label is not a valid CN label. If a CN label is not valid, FNS cannot provide a warranty for its use towards meal pattern requirements.

On page 85 is a sample food label. It shows what a CN label looks like with all the other information a food label must contain.

For additional information on CN labels and on reading food labels in general, see

- appendix C in the *Food Buying Guide for Child Nutrition Programs* (USDA/FNS, 2001) and
- appendix M in *Building Blocks for Fun and Healthy Meals* (USDA/FNS, 2000).




The USDA/FNS Web site has information on the CN label. To view or download this information, go to <http://www.fns.usda.gov/cnd/CNlabeling/default.htm>.






## Sample of a CN Label on a Food Label



**CHICKLY FOODS**

PO BOX 5432, Homesville AL 45987



### BREADED WHITE CHICKEN PATTIES

FULLY COOKED HEAT AND SERVE

**INGREDIENTS:** White chicken, enriched wheat flour (niacin, reduced iron, thiamine mononitrate, riboflavin), water, dried whole eggs, enriched yellow corn flour (niacin, reduced iron, thiamine mononitrate, riboflavin), salt, sodium phosphate, soybean oil, modified food starch, spices, nonfat dry milk, leavening (sodium bicarbonate, sodium aluminum phosphate, sodium acid pyrophosphate), dextrose, enriched yellow corn meal (niacin, reduced iron, thiamine mononitrate, riboflavin), mono and diglycerides, dried whey, sugar, dried yeast, sodium alginate, natural flavor. Fried in vegetable oil.

**HEATING INSTRUCTIONS:**

	Deep Fat Fry 350 °F	Conventional Oven 400 °F	Convection Oven 375 °F
Frozen	3–3½ min.	12–15 min.	8–10 min.


Cooking recommendations should be used as a guide only. Variations in time and temperature may be required for variations in quantities heated.

CN

XXXXXX\*

This 3 oz fully cooked, breaded white chicken patty provides 2.0 oz equivalent meat/meat alternate and ¾ serving bread alternate for the Child Nutrition Meal Pattern Requirements. (Use of this logo and statement authorized by the Food and Nutrition Service, USDA XX-XX\*\*).


CN



**KEEP FROZEN**

**10821**

NET WT. 11.25 LBS.



\*CN identification number

\*\*Month & year of approval

**Note:** The code date which indicates the date, shift, or production line was stamped on the cardboard box instead of the label. This is often where the code date is found. This is an important date in the event of a product recall.

Adapted from *First Choice: A Purchasing Systems Manual for School Food Service*, 2<sup>nd</sup> ed. (USDA/FNS, 2002, p. 223).



## Cost and Quality

In most cases, cost and quality are directly related.

Here is an example.



### Key Point

In most cases, cost and quality are directly related.

Product	Cost per 6 oz
Solid White Albacore Tuna	\$1.29
Chunk Light Tuna in Water	\$0.59
Chunk Light Tuna in Oil	\$0.59
No-drain package—Solid White Albacore	\$2.22*
No-drain package—Chunk Light Tuna	\$1.62*

\*The no-drain package weighs 7 oz. The price in the table was converted to 6 oz for an equal comparison.

As the table shows, the cost increases as the quality increases.

- Albacore is the variety of fish that produces the solid white form of tuna. Solid white is the most costly form of tuna.
- The Yellowfin variety produces chunk white. Chunk white is not often found on the retail market.
- Both Bluefin and Skipjack varieties produce the chunk light form of tuna. Chunk light is the least expensive form of tuna.

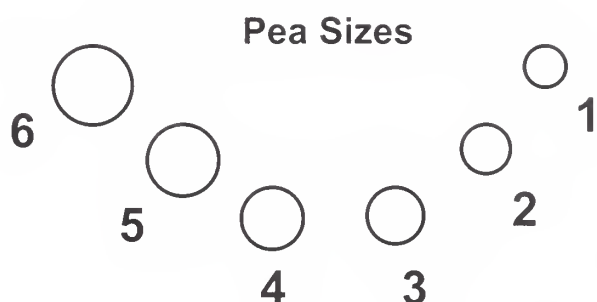




Here is another example where cost and quality are related.

English or green peas are available in different sizes.

- The size of the pea is called the sieve.
- The smaller the pea size, the smaller the sieve.



The following is a comparison of the cost of No. 300 cans of green peas that have different sieve sizes.

Sieve Size	Cost
1	\$0.98
2	
3	\$0.89
4	\$0.65
5	\$0.50
6	\$0.40



### Key Point

Children are more likely to eat a smaller pea.

This comparison shows that as the cost goes down, the size of the pea goes up.

- Many efforts are being made to encourage children to eat vegetables.
- Children are more likely to eat a smaller pea.
- A center should consider buying a smaller pea even though it is more expensive.



The use of the product will influence your cost versus quality decision. Activity 12 demonstrates this.



## Activity 12

Read the following information about tomatoes. Then, look at the cost comparison in the chart below and answer the following questions.

- Canned tomatoes are most often used in mixed dishes where small pieces make a better presentation and texture.
- Canned tomatoes are available whole-peeled, diced, and crushed.
- In this example, the packing medium for the tomatoes is tomato puree.
- The tomatoes you are going to buy will be used in vegetable soup.

### Cost Comparison for No. 2½ Can Tomatoes

Product	Cost
Crushed tomatoes packed in tomato puree	\$1.29
Whole-peeled tomatoes packed in tomato puree	\$1.49
Diced tomatoes packed in tomato puree	\$1.49



Which of these tomatoes would you buy? \_\_\_\_\_

Why would you buy these tomatoes? \_\_\_\_\_



## Resources for Controlling Quality

When you are purchasing from a **retail vendor**, your eyes are the best resource for buying quality food.

- It is possible to see and smell an item or read the label before you buy it.
- For example, you can see and smell the fresh fruit, fresh vegetables, fresh bread, or fresh meat you buy.



When you are purchasing from a **wholesale vendor**, you must have good written **food descriptions**, **not food specifications**, to determine the quality of food that will be delivered.

- “**Specifications**” is the word you have probably heard most often in relation to purchasing.
- Specifications are **not** generally appropriate for child care centers because they are lengthy technical documents that are not cost-effective for smaller food purchases.
- Specifications are used by the Agricultural Marketing Service (AMS) at USDA to purchase commodity foods.
- Because of the large quantities of commodity foods purchased by USDA, the AMS has a trained staff that writes specifications.
- If you would like to see a specification for a donated food, go to <http://www.ams.usda.gov/cp/specindex.htm>.

**Descriptions** are more appropriate for child care centers.

A description is limited to those food characteristics that

- can be measured at the kitchen door or
- are absolutely necessary to communicate with a vendor.



### Key Point

Descriptions, not specifications, are appropriate for child care centers.



*Choice Plus: A Reference Guide for Foods and Ingredients* (United States Department of Agriculture, Food and Consumer Service [USDA/FCS], 1996) and *Choice Plus Food Safety Supplement* (USDA/FNS, 2003) are useful references for writing descriptions because they contain

- sample descriptions and
- food safety information.

*Choice Plus: A Reference Guide for Foods and Ingredients* (USDA/FCS, 1996) contains sample food product sheets for foods that make a contribution to the meal patterns.

- In addition to sample descriptions, these food product sheets give purchasing tips.
- Each food product sheet also contains quality indicators that are listed as subheadings.

To write a description using *Choice Plus: A Reference Guide for Foods and Ingredients* (USDA/FCS, 1996),

- choose the food and use the table of contents to locate the product sheet for that food,
- review the subheadings for that food and decide which quality indicators to include in the description, and
- using the sample descriptions as a guide, write the description with the information found under each quality indicator.

To find information on how to purchase *Choice Plus: A Reference Guide for Foods and Ingredients* (USDA/FCS, 1996) and *Choice Plus Food Safety Supplement* (USDA/FNS, 2003), go to <http://www.nfsmi.org>.



## Key Point

The foods that a center buys can be divided into three groups in order to control quality: (1) one-ingredient foods, (2) one-ingredient-plus-seasonings foods, and (3) multiple-ingredient foods.

## Controlling Quality

The foods that a center buys can be divided into three groups in order to control quality:

- one-ingredient foods,
- one-ingredient-plus-seasonings foods, and
- multiple-ingredient foods.





Flour, sugar, corn meal, salt, pepper, fresh fruits and vegetables, mustard, and chicken stock are all examples of foods in the **one-ingredient** group.

- Some of these foods actually have more than one ingredient, but these are simple foods that have been on the market for many years and their manufacturing processes are stable.
- Most of these foods have a **standard of identity**.
  - Standards of identity are developed by the Federal government.
  - Standards of identity control the **name** of a food by establishing the ingredients a food must have to be called a specific name.
  - An example is mayonnaise. A food must contain certain ingredients if it is to be called “mayonnaise.”
  - You do not need to write descriptions for foods that have a standard of identity; you just need to write the name of the food from the standard of identity.
  - Appendix 8 in *First Choice: A Purchasing Systems Manual for School Food Service* (USDA/FNS, 2002), second edition, contains a list of all the foods with a standard of identity.
  - The details of any standard of identity can be found in the *Code of Federal Regulations* (C.F.R.). The Web site of the C.F.R. is <http://www.gpoaccess.gov/cfr/index.html>.
- **Note:** Fresh fruits and vegetables do not have a standard of identity, but they do have a grade standard. The grade standard should be indicated in the description.

**One-ingredient-plus-seasonings** foods are mostly canned and frozen fruits and vegetables.

- Institutional distributors have a private labeling program based on grade standards.
- The private labeling program for processed fruits and vegetables is reliable.
- Most canned and frozen fruits and vegetables are not actually graded by USDA inspectors but are packed to the U.S. grade standards by the buying/corporate distributor groups.
- Each group has standards for its first, second, and third quality labels.



### Key Point

You do not need to write descriptions for foods that have a standard of identity; you just need to write the name of the food from the standard of identity.





Below are the U.S. grade standards and the private label equivalents.



## Key Point

Private labels make writing descriptions easier because you indicate the quality by simply writing down the quality level for the label you want.

### Grade Standards for Fruit

U.S. Grade A or U.S. Fancy = first quality private label

U.S. Grade B or U.S. Choice\* = second quality private label

U.S. Grade C or U.S. Standard = third quality private label

**\*Note:** The majority of private label groups pack “Grade B or Choice” peaches, pears, and fruit cocktail under the first quality label.

### Grade Standards for Vegetables

U.S. Grade A or U.S. Fancy = first quality private label

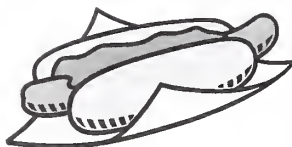
U.S. Grade B or U.S. Extra Standard = second quality private label

U.S. Grade C or U.S. Standard = third quality private label

Private labels make writing descriptions easier because you indicate the quality by simply writing down the quality level for the label you want.

Each distributor group uses a distinctive logo or color for each of the three quality levels.

- All distributors have a chart with their brands and those of their competitors.
- Ask your distributor representative for a copy of the brand chart.
- *First Choice: A Purchasing Systems Manual for School Food Service* (USDA/FNS, 2002), second edition, has a copy of the brand chart in appendix 11.
- To view a copy of appendix 11 in *First Choice*, go to <http://www.nfsmi.org>.



The most difficult descriptions to write are those for the foods in the **multiple-ingredient** category.

- These are highly processed foods such as hot dogs and chicken nuggets.
- These are also the foods for which a large percentage of the food budget is spent.



In most small centers, the task of writing descriptions belongs to the director, who has many demands on his/her time. Therefore, it is important to set priorities when writing descriptions.

- The amount of money spent on an item should determine how the available time is allocated.
- Generally, 80% of the food budget is spent on 20% of the total items. Select items from the 20% list before spending time on descriptions where less money is spent.

Before writing food descriptions, make a list of all the foods you purchase and approximately how much you spend on those foods a year.

- Develop a schedule for writing descriptions.
- Work on one description until it is complete. Trying to work on several at the same time increases the chance for error.

The following is a sample schedule for writing or revising descriptions. The items on the schedule were selected on the basis of the amount of money the center spent on them during the past year. The seven items with the highest dollar expenditure were placed on this first schedule.

Date	Food	Amount Spent
Week of January 12	Chicken Nuggets	\$3,468.78
Week of February 9	Beef Patties	\$3,264.13
Week of March 9	Ground Beef	\$2,973.67
Week of April 6	Pizza	\$2,942.24
Week of May 11	Ham	\$2,887.59
Week of June 8	Hot Dogs	\$2,795.62
Week of July 13	Chicken Patties	\$2,754.23

If you are a director, you might be thinking, “But I have to put a request for price quotes out next week!” Do not rush the process.

- It may not be possible to write descriptions for more than one multiple-ingredient food a month and complete all of the other tasks that a director must accomplish.
- If the descriptions your center has at the moment are wrong, they will have to stay wrong until you have time to write good descriptions.



### Key Point

Generally, 80% of the food budget is spent on 20% of the total items.





Here are the tasks you must accomplish before you can write a food description:

- Determine if there is a standard of identity.
- Research references such as *Choice Plus: A Reference Guide for Food and Ingredients* (USDA/FCS, 1996) to see if there are sample descriptions.
- Obtain labels from products that are acceptable and complete an ingredient comparison like the one for peaches on page 77.



### Key Point

One way to save time in writing descriptions is to work with other child care center directors in your community.

The knowledge required to write descriptions requires time and effort. Just when you think you understand a product, the manufacturing technology changes, and the product description must be changed.

One way to save time is to work with other child care center directors in your community.

- One center could research chicken products, another could take responsibility for beef patties, and a third for another product.
- Even though you may compete with other centers in recruitment, you will find it beneficial to cooperate with them in writing food descriptions.

Section 10

# Prices and Awards









## Prices and Awards (Steps 6 and 7)

Once you have determined your quality standards, you are ready to obtain price quotes and award the business of the center.

In some centers, the staff can obtain price quotes and make a recommendation to award the business, but only the board of directors/owners can award the business.

Before obtaining price quotes, you need to decide whether your center will award business on a **line-item** or **bottom-line** basis.

### Line-Item versus Bottom-Line Award

If you award business on a **line-item** basis, you buy **each item** from the vendor offering the lowest price quote that meets quality standards.

For example, in the table below, the lowest bid for each item is circled. Therefore, if you award on a line-item basis, you award

- the peaches to Vendor A,
- the pears to Vendor C, and
- the sugar to Vendor B.

**Vendor Award Method: Line-Item**

Product Name	Vendor A	Vendor B	Vendor C
Peaches	\$20.36	\$22.94	\$23.41
Pears	\$22.49	\$23.95	\$22.46
Sugar	\$19.06	\$18.75	\$21.45

If you award business on a **bottom-line** basis, you buy **all food products in a group** from the same vendor.

- Bottom-line is often called “**all or nothing**.”
- It is the best approach if you want to save time.



### Key Point

If you award business on a **line-item** basis, you buy **each item** from the vendor offering the lowest price quote that meets quality standards. If you award business on a **bottom-line** basis, you buy **all food products in a group** from the same vendor.





### Key Point

With the bottom-line method, you compare extended prices, not unit prices. **Unit prices** are prices of single cans or cases.



1 can = \$1.10

**Extended prices** are unit prices multiplied by the quantity of the item a center wants to purchase.



$\$1.10 \times 3 = \$3.30$

With the bottom-line method, you award the business to the vendor with the lowest total (bottom line).

**When using the bottom-line method, you must use an estimate of the quantities to be purchased to know which vendor actually has the lowest price.** These quantity estimates should be accurate to  $\pm 10\%$ .

With the bottom-line method, you compare extended prices, not unit prices.

- Unit prices are prices of single cans or cases.
- Extended prices are unit prices multiplied by the quantity of the item a center wants to purchase.
- For example, a case of peaches costs \$20 and the center estimates that it will buy 12 cases of peaches.
  - The unit price of the peaches is \$20.
  - The extended price is  $\$20 \times 12 = \$240$ .

Adding the unit prices of all items is **not** the bottom-line method because a vendor that has the lowest total based on unit prices might not have the lowest total based on extended prices.

The charts on page 97 illustrate why the bottom-line method is based on extended prices, not unit prices.

- The chart at the top of page 97 shows that Vendor C would be awarded the business based on the total of the unit prices.
- However, the chart at the bottom of page 97 shows that Vendor A would get the business based on the bottom line for prices calculated with quantities.
- A center would pay more if it bought peaches, pears, and sugar from Vendor C instead of Vendor A even though Vendor C has the lowest total for unit prices.

Why is this?

- Vendor C quoted a lower price for sugar than the other two vendors. When only the unit price was considered, Vendor C had the lowest price.
- However, Vendor C quoted a higher unit price for peaches than Vendor A.
- The center buys more peaches than sugar. When the **quantity** of peaches to be purchased was considered, Vendor A had the lowest price (bottom line).



### Vendor Award Method: Unit Price Totals

	Vendor A	Vendor B	Vendor C
Product Name	Unit Price	Unit Price	Unit Price
Peaches	\$20.19	\$22.02	\$21.50
Pears	\$20.94	\$20.48	\$21.50
Sugar	\$15.98	\$16.63	\$14.10
Total	\$57.11	\$59.13	\$57.10

### Vendor Award Method: Bottom-Line (Quantities)

		Vendor A		Vendor B		Vendor C	
Product Name	Quantity	Unit Price	Extended Price	Unit Price	Extended Price	Unit Price	Extended Price
Peaches	25 cases	\$20.19	\$504.75	\$22.02	\$550.50	\$21.50	\$537.50
Pears	10 cases	\$20.94	\$209.40	\$20.48	\$204.80	\$21.50	\$215.00
Sugar	15 bags	\$15.98	\$239.70	\$16.63	\$249.45	\$14.10	\$211.50
Bottom-Line Total			\$953.85		\$1,004.75		\$964.00



### Obtaining Price Quotes

To maintain full and open competition, a center must give every vendor an opportunity to compete for the business of the center. To do so, it is necessary to have some method for determining which vendor offers **the quality** the center wants **at the best price**.

Different methods are used to obtain price quotes from retail and wholesale vendors.

### Obtaining Prices from Retail Vendors

If you buy from retail vendors, the best approach for determining where to buy your food and supplies is the **market basket**.

A **market basket** is a representative list of the foods a center uses in a typical week.

To obtain price quotes using the market basket approach, you

- make a list of the foods and quantities that your center uses in a typical week,
- obtain the prices of these foods from the retail vendors in your community and write them down,
- compare the prices using the line-item or bottom-line method (whichever one your center decides to use),
- determine which vendor offers the lowest price, and
- make a recommendation to your board of directors/owners to purchase from that vendor.

To determine the best purchasing location, you may find it necessary to split the foods your center buys into several smaller market baskets.

- For example, you might want to make a market basket for fresh fruits and vegetables and another one for dry and frozen foods.
- Pages 100 and 101 contain samples of market baskets used by Oak Street Child Care Center. The Center has split the food it uses in a typical week into more than one market basket.



#### Key Point

If you buy from retail vendors, the best approach for determining where to buy your food and supplies is the market basket.





The decision of where to purchase based on the market basket must be approved by the center's board of directors/owners for a certain time period.

How often should a center complete a market basket? That decision must be made by the board of directors/owners, but it is recommended that a market basket be completed at least once a year.

However, it is acceptable to repeat a market basket at any time.

- During the time period that the center has permission from the board/owners to purchase from a specific vendor, the staff member doing the shopping should be alert to price changes.
- Depending on board/owner requirements, the results of a new market basket may require board/owner approval.

Sometimes it may be necessary to purchase from a vendor other than the one(s) awarded the business.

- Each time you purchase from a vendor that was not awarded the market basket, you need to write down the reason and keep it with the invoice.
- In the event of an audit or review, the center will be asked for this documentation.

Here are some examples when a center might purchase from a vendor not awarded the market basket.

- **Example 1:** During the growing season, a center decides to purchase home-grown fresh fruits and vegetables from farmers instead of from the regular vendor. The purchase could be justified on the basis of quality. A fresh fruit or vegetable picked directly from the field may taste better than one that has been chilled and shipped long distances.
- **Example 2:** A center needs to purchase an item that is not available at the regular vendor. In this case, the center needs to make a note of the date when a staff member checked the regular vendor for this item.

Two activities regarding market baskets can be found on pages 100 and 101.



### Key Point

The decision of where to purchase based on the market basket must be approved by the center's board of directors/owners for a certain time period.







## Activity 13

The following is a market basket for dry and frozen foods for Oak Street Child Care Center. Answer the question below based on the information from the market basket.

### Market Basket for Dry and Frozen Foods Bottom-Line Award

Date of Prices: XX/XX/XXXX*				
Product	Quantity	Magilla Supermarket Price	Mallard Grocery Price	Crane's Wholesale Club Price
Flour, all-purpose	5 lb	\$1.50	\$0.99	\$1.35
Vanilla Flavoring	1 pt	\$1.65	\$1.75	\$1.75
Cheese, Cheddar, reduced-fat, shredded	3 lb	\$10.38	\$11.38	\$10.95
Eggs	3 dozen	\$2.01	\$2.25	\$2.50
Chicken Stock, 14 oz	10	\$4.40	\$4.60	\$3.90
Applesauce, No. 10 can	1	\$3.67	\$4.05	\$3.55
Grape Juice, 1 gal	2	\$3.86	\$3.99	\$3.74
Pineapple Cubes, in juice, No. 10 can	1	\$3.98	\$4.25	\$4.15
Green Beans, No. 10 can	1	\$2.58	\$2.54	\$2.69
Tuna, canned, water-packed, 12 oz can	6	\$11.22	\$12.00	\$11.44
Vegetables, mixed, frozen	3 lb	\$2.26	\$2.46	\$2.13
Broccoli, frozen, chopped	2 lb	\$1.74	\$1.85	\$1.64
Beef, ground, ≤ 20% fat	7 lb	\$8.40	\$9.25	\$9.50
Catsup, 24 oz	1	\$1.46	\$0.99	\$1.36
Graham Crackers, 14 oz	2	\$4.00	\$3.98	\$4.50
Tomato Paste, 6 oz can	2	\$0.80	\$0.66	\$0.67
Totals		\$63.91	\$66.99	\$65.82

\*The Xs would be replaced with the date the items were checked.

Which of these vendors offers the lowest price on equal quality products?





### Activity 14

The following is a market basket for fresh fruits and vegetables for Oak Street Child Care Center. Answer the questions below based on the information from the market basket.

#### Market Basket for Fresh Fruits and Vegetables Bottom-Line Award

Date of Prices: XX/XX/XXXX*				
Product	Quantity	Magilla Supermarket Price	Mallard Grocery Price	Duck's Fruit Stand Price
Bananas	12 lb	\$5.76	\$6.72	\$7.20
Apples—125 count	5 lb	\$5.15	\$4.85	\$5.25
Oranges—100 count	15 lb	\$7.50	\$8.25	\$6.75
Carrots	7 lb	\$5.25	\$5.74	\$6.02
Celery	1 stalk	\$1.17	\$1.27	\$1.15
Tomatoes	5 lb	\$4.90	\$5.00	\$4.80
Pepper, Bell	1	\$0.65	\$0.50	\$0.45
Onions, yellow	1 lb	\$0.87	\$0.88	\$0.86
Baking Potatoes	10 lb	\$6.70	\$6.80	\$6.90
Cabbage, green	5 lb	\$2.30	\$2.20	\$2.25
Totals		\$40.25	\$42.21	\$41.63

\*The Xs would be replaced with the date the items were checked.

1. If the quality were equal, which of these retail vendors would likely have the best prices for purchasing produce? \_\_\_\_\_
2. After starting to make purchases, the center staff notice that the prices have suddenly increased. What action should the center staff take?  
\_\_\_\_\_  
\_\_\_\_\_



## Obtaining Prices from Wholesale Vendors

A market basket is not an appropriate method for obtaining prices from wholesale vendors because wholesale vendors use a different pricing structure than retail vendors.



It is possible to obtain long-range firm prices from a wholesale vendor. To purchase from a **wholesale vendor** and assure better pricing, it is necessary to have a contract.

A contract involves

- a guaranteed price from the vendor to the center and
- a guaranteed quantity to be purchased from the vendor by the center.

An invitation for bid (IFB) or request for proposal (RFP) should be used in obtaining pricing from a wholesale vendor.

According to Federal principles,

- private non-profit centers must use an IFB or RFP to obtain pricing for purchases of more than \$100,000 or the amount stated in their organization's procedures if that amount is less;
- public centers must use an IFB or RFP to obtain pricing for purchases of more than \$100,000 or the amount stated in State law or local procedures, whichever is less; and
- for-profit centers must use an IFB or RFP to obtain pricing for purchases of more than \$10,000.



### Key Point

An invitation for bid (IFB) or request for proposal (RFP) should be used in obtaining pricing from a wholesale vendor.

When should you use the IFB and when should you use the RFP?

- The IFB is the appropriate document to use when the only variable is the price of the product being purchased.
- The RFP is used when there are other variables in addition to price.
- Usually, when purchasing food, the IFB is used because the only variable is price. The RFP is generally used for acquiring services, such as garbage removal or pest control.



To obtain pricing from wholesale vendors using an IFB/RFP, you need to

- write an IFB/RFP document,
- invite (advertise) vendors to respond to the IFB/RFP during a stated time period,
- compare prices from the vendors' responses using the line-item or bottom-line method (whichever one your center decides to use),
- determine which vendor offers the best price, and
- make a recommendation to your board of directors/owners to purchase from that vendor.

**Note:** Different methods are used to evaluate the IFB and RFP. For information on how to evaluate an IFB or RFP, see chapter 10 of *First Choice: A Purchasing Systems Manual for School Food Service* (USDA/FNS, 2002).

Although the IFB and RFP have differences, they are similar in some information they contain.

It is a common practice for an IFB/RFP to have six parts:

- signature page,
- general instructions,
- special instructions,
- product list,
- delivery sites if more than one, and
- potential vendor list.

The **signature page** contains the dates the pricing is expected to be firm.

- The shorter the firm price period, the better the pricing offered.
- One year is a normal period, but sometimes 3- or 6-month pricing is requested.
- A center has to make a decision based on the amount of staff time available for handling paper work versus the cost savings when shorter time periods are used.
- The signature page for the IFB/RFP also contains the date and time the IFB/RFP is due and has a contractual statement the vendor signs.



### Key Point

An IFB/RFP usually has six parts:

- signature page,
- general instructions,
- special instructions,
- product list,
- delivery sites if more than one, and
- potential vendor list.





### Key Point

Appendix 16 (Standard Contract Language) of *First Choice: A Purchasing Systems Manual for School Food Service* (USDA/FNS, 2002) has sample wording that can be used in writing the general instructions.

The **general instructions** contain information on such things as

- correction of mistakes on the price list,
- a list of laws that must be followed,
- whether fax copies of the price list will be accepted,
- penalties for failure to perform, and
- other general information.

For sample wording that can be used in writing the general instructions, see appendix 16 (Standard Contract Language) of *First Choice: A Purchasing Systems Manual for School Food Service* (USDA/FNS, 2002).

Once the general instructions are written, they are used without being changed for long periods of time.

The **special instructions** contain information on such things as

- drained weight of canned fruits and vegetables,
- delivery time and frequency,
- grade standards,
- the private labels of potential vendors, and
- other information related to the product list.

The **product list** contains the name and quality standards for each product and the quantity that the center wishes to purchase.

- Normally each product is given an item number and a place for the vendor to enter the unit price and the extended price (unit price multiplied by the quantity).
- Each product should be assigned a bid unit (common denominator, such as “pound,” “per 100,” etc.).
- The quantity and the price are both based on the bid unit.

Chapter 6 of *First Choice: A Purchasing Systems Manual for School Food Service* (USDA/FNS, 2002) has a lesson on bid units.





Here is a sample of a typical **product list** page.

Item Number	Product and Quality Standard	Bid Unit	Quantity	Unit Price	Extended Price
001	Peaches, canned: to be packed to U.S. Grade B standard; yellow Cling; sliced; packed in juice; 6/No. 10 cans per case	Case	50		

The center completes the first four columns and the vendor completes the two price columns and returns the product list to the center.

The **delivery site list** is used only if there is more than one delivery site.

- The delivery site list should contain the name, address, phone number, and contact person of the sponsoring organization and information on each delivery site.
- The name, address, phone number, hours of operation, and the contact person of each delivery site need to be included.

The **potential vendor list** is used to contact vendors.

- This list should contain the names of wholesale distributors that will be directly contacted and will offer prices under this request for prices.
- This list also must contain the names of the newspapers (usually a local newspaper) or other sources where the IFB/RFP will be advertised.

Using an IFB/RFP to obtain prices is an advanced form of purchasing. Any organization that is large enough to purchase from wholesale vendors should get more training on this subject.



### Key Point

Any organization that is large enough to purchase from wholesale vendors should get more training on the IFB and RFP.







### Awarding the Business or Making a Recommendation to the Board/Owners

Regardless of whether retail or wholesale vendors will be used, in some centers, the approval of the board of directors/owners must be obtained before a contract can be awarded or purchases can be made.



- The board/owners may require a written recommendation or an oral presentation. A written recommendation can be made in the form of a purchase plan. Section 12 explains how to write a purchase plan.
- The recommendation/presentation to the board/owners should summarize the reasons why the vendor is recommended.
- The amount of time needed to obtain board/owner approval must be considered.
- It is important to have the board/owners act on the recommendation before the current purchasing authority expires.

When the approval of the board of directors/owners is not required, any required actions should be completed promptly.

These actions should include

- signing the contract with wholesale vendors and
- notifying the vendor when purchasing will begin.



Section 11

# Final Steps







## Final Steps (Steps 8, 9, 10, and 11)

### Place Orders (Step 8)

If a center is purchasing from a **retail vendor**, there are no orders to place. The vendor keeps stock of all items, and the center staff goes to the store and picks up what is needed.

If a center is purchasing from a **wholesale vendor**, the center must place an order in advance of the delivery day. Wholesale vendors offer several options for placing orders:

- to a salesperson who comes by the center,
- to an inside salesperson over the phone,
- by mail, or
- online over a computer.

**Note:** It is important that orders **never** be placed until the previous seven steps in the purchasing process have been completed.



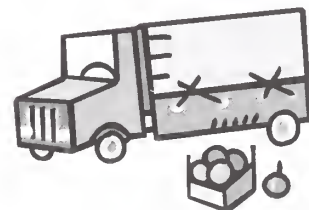
#### Key Point

It is important that orders **never** be placed until the previous seven steps in the purchasing process have been completed.

### Receive Orders (Step 9)

Receiving is often the missing link in a good purchasing system.

- Check to make sure that the food received is the food you ordered. Good quality standards will fail if the food purchased or delivered is not the same as the quality standard described in the order.
- Move cold food to the refrigerator or freezer as soon as it is delivered or picked up. The temperature of a food will change very quickly and when the temperature changes, the quality or safety of the food will be compromised.





## Key Point

When receiving food, check the grocery store receipt or the wholesale vendor invoice against the food delivered.



- Good business practices should be followed when receiving food.
  - Check the grocery store receipt or the wholesale vendor invoice against the food delivered.
  - Determine that
    - the right price was charged and
    - the quantity on the receipt is the same as that delivered or picked up.

## Store Foods (Step 10)

There are many factors to consider when storing foods so that they maintain quality and are safe to eat.

The two most important factors are

- placement of food in the storage area and
- temperature.

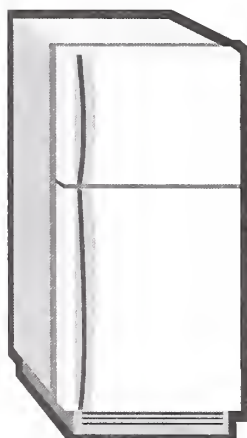
Two kinds of raw foods are stored:

- those that will be eaten raw, such as fresh fruits and vegetables, and
- those that will be cooked before being eaten, such as meats and frozen vegetables.

A plan should be developed for each storage area.

The plan should include a special area to store raw foods that will be cooked before being eaten.

- This storage area should be below the foods that will be eaten raw.
- Some foods (especially meats) are thawed before cooking. They should be placed in a pan on the lowest shelf in the refrigerator to thaw.





One of the critical factors in controlling pathogens in food is controlling temperature.

- Disease-causing microorganisms, such as bacteria,
  - grow very slowly at low temperatures (below 41 °F) and
  - multiply rapidly in mid-range temperatures (between 41 °F and 135 °F).
- Perishable foods should be stored at no higher than 41 °F.
- Frozen food will hold its top quality for the longest time when the freezer maintains 0 °F.
- The temperature of all refrigerators and freezers should be checked at least twice per day (at the start and end of each day).
- A temperature log for recording the temperature of storage areas can be found in appendix 1 (page 127).
- Bimetallic-coil thermometers are specially designed to provide accuracy at cold temperatures.
- To learn more about thermometers for refrigeration and freezer equipment go to <http://www.fsis.usda.gov/OA/thermy/kitchen.pdf> or download the *Thermometer Information Resource* at [http://www.nfsmi.org/Information/thermometer\\_resource.html](http://www.nfsmi.org/Information/thermometer_resource.html).

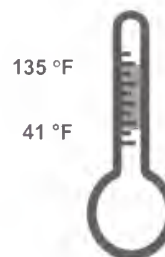
## Prepare Meals (Step 11)

Once food is purchased the quality cannot be changed. Food preparation can add flavor to the foods purchased. When preparing food, it is important to use standardized recipes. A standardized recipe will produce food that tastes the same each time it is prepared.



### Key Point

One of the critical factors in controlling pathogens in food is controlling temperature.

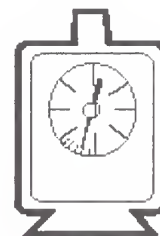


Temperature Danger Zone



### Key Point

Bimetallic-coil thermometers are specially designed to provide accuracy at cold temperatures.





~ Notes ~



Section 12

# Management Issues







## Management Issues

During the start-up phase of a new center, there are several purchasing-related decisions that must be made.

Most of these decisions need to be approved by the center's board of directors/owners.

These decisions are related to

- inventory,
- board/owner policies,
- purchase plan,
- internal controls, and
- budgeting.

## Inventory

Most accounting firms do not consider supplies and chemicals to be material amounts of money and allow them to be expensed at the time they are received. However, the amount of food purchased may vary on a monthly basis.

A center must decide which procedure it will use to place a value on inventory.

There are two acceptable methods for managing inventories for food and supplies

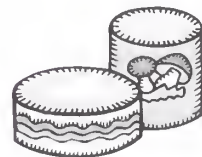
- food usage and
- purchases equal to food usage.



### Key Point

There are two acceptable methods for managing inventories for food and supplies:

- food usage and
- purchases equal to food usage.





## Key Point

The “**food usage**” inventory method is best if a high-dollar-value inventory is maintained on the premises. Otherwise, the “**purchases equal to food usage**” method should be used.

With the “**food usage**” method, inventory is taken and priced (amount on hand multiplied by price paid) on **the last working day of each month**.

- This method uses the following formula:

Beginning Inventory	\$0.00
Purchases	+ \$0.00
Ending Inventory	– <u>\$0.00</u>
Food Used	\$0.00

- The amount of inventory on hand is used to determine the food used for all financial reports.
- This is the best approach if a high-dollar-value inventory (more than 7 calendar days) is maintained on the premises.

With the “**purchases equal to food usage**” method, inventory is taken and priced only **once per year**.

- This inventory is taken on **the last working day of the center’s fiscal year**.
- The philosophy behind this approach is that if the inventory is well-controlled (maintained for 7 calendar days or less), the purchases will be equal to the food used.

The general rule for taking inventory is that once a container (box, bag, case) is opened, it is not counted as part of the inventory. This general rule is applied regardless of the method used for managing inventory.

## Board/Owner Policies

During the start-up phase for a new center, the board of directors/owners should adopt several policies regarding food service. These policies represent good business practice.

- These policies should be reviewed each year, and changes should be made as necessary.
- A sample of these food-service-related policies is found on page 113. The center staff will need to guide the board/owners in developing these policies by presenting a draft for consideration.





Oak Street Child Care Center  
Food Service Policies

- 1) The center director, cook, and center clerk are authorized to make purchases against the food service budget.**
- 2) The standard of conduct for the center will be as follows:**

*No employee or member of the board of trustees (owner) of Oak Street Child Care Center shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee or board member (owner) or any immediate family member of the employee or board member (owner) has financial interest or other interest in the potential vendor. A conflict of interest would also exist if an organization employs or is about to employ any employee or board member (owner) of Oak Street Child Care Center. It is also a conflict if an organization employs or is about to employ any member of the immediate family of an employee or board member (owner).*

*The employees, board members (owners), and their immediate families shall neither ask for nor accept gratuities, favors, or anything of monetary value from vendors. Employees and board members (owners) may accept unsolicited gifts with a monetary value less than \$15.00, but they can accept these unsolicited gifts no more than two times per year. Employees and board members (owners) should not use any unsolicited gift which contains a brand name in areas occupied by children or parents. At all times employees and board members (owners) should be aware of how their actions appear to members of the community.*

*Any employee or board member who violates any of these standards of conduct shall receive a written warning the first time and shall be terminated for any future violation. (If an owner should violate any of these standards of conduct, anyone observing the violation should report it to the State Agency.) If you have a question about this standard of conduct or would like to report a potential violation, please contact James Smith, attorney for the board (owners).*

- 3) The staff authorized to make purchases shall present the results of all price surveys (market baskets) and IFBs/RFPs to the board/owners for approval.**
- 4) Inventory of food and supplies shall be maintained at no more than seven (7) calendar days or \$900.**
- 5) The purchase method shall be used for reporting the cost of food used. Physical inventory shall be taken once per year and verified by the CPA (Certified Public Accountant) employed to conduct the annual financial audit.**
- 6) The center cook shall sign all invoices or vendor receipts to verify the merchandise was received. The center director shall sign all checks to pay vendors and the Federal claim for reimbursement. The center clerk shall prepare the Federal claim for reimbursement and post the vendor payments to accounting records.**

**Approved September 22, 2004**

**Reviewed with no changes September 21, 2005**



## Key Point

Another decision the board of directors/owners must make is whether or not to approve the results of

- the market analysis,
- market baskets, and
- IFBs/RFPs.



## Purchase Plan

Another decision the board of directors/owners must make is whether or not to approve the results of

- the market analysis,
- market baskets, and
- IFBs/RFPs.

The center director must present a food service purchase plan report of these results to the board of directors/owners for approval.

The following is an example of a director's food service purchase plan report to the board/owners.

### Food Service Purchase Plan Report Oak Street Child Care Center

A market analysis was conducted and indicates that the community has access to ten retail vendors (supermarkets and specialty stores) and three wholesale vendors.

A review indicates that the quantity of food to be purchased is less than a full wholesale case. Rather than increase the amount of inventory maintained on hand, a recommendation is made to purchase from retail vendors.

A market basket (a representative list of foods the center would purchase) was conducted the week of September 22. The results of the market basket indicate that the best price for the majority of food and supplies was found at Magilla Supermarket.

Milk purchases represent one of the largest expenditures the center will make. A price quote was obtained from Holstein Milk Company for \$2.29 per gallon. The current price at the supermarket is \$2.49 per gallon. The Holstein price is guaranteed for 6 months. A recommendation is made to approve the Holstein Milk Company price quote. Since only one wholesale milk price quote was received, this information will be submitted to the State Agency for approval.





## Internal Control

The center director must present an internal control plan to the board of directors/owners for approval. The internal control plan should be a part of food service policies or the purchase plan.

**Internal control** is a system in which multiple staff members are responsible for performing duties related to a certain task. In other words, one staff member should not be responsible for performing all the duties of a certain task.

Internal controls are often used in regard to the receiving and spending of money.

Internal controls safeguard the financial resources of a center.

- Assigning multiple staff members to a task reduces the temptation to steal from the center.
- With a good internal control plan, it is difficult for staff to steal because all the staff members would assure a “check and balance,” therefore, strengthening internal controls.

The following is a list of some of the tasks in the operation of the Child and Adult Care Food Program that are related to the receipt and expenditure of money:

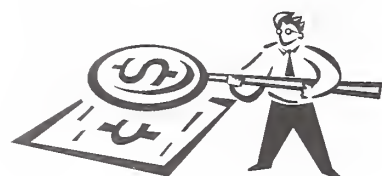
- assigning correct reimbursement category to enrolled children,
- counting and recording the number of children and adults who eat a meal,
- filing the claims for Federal meal reimbursement,
- receiving checks for reimbursement (opening the mail),
- depositing reimbursement checks in the bank (if your State uses direct deposit, the two processes of receiving the check and depositing it may be combined),
- recording deposit in accounting records,
- recommending approved vendors to the board of directors/owners,
- making the grocery list,
- going to the retail vendor to make purchases or placing the order with a wholesale vendor,



### Key Point

**Internal control** is a system in which multiple staff members are responsible for performing duties related to a certain task. In other words, one staff member should not be responsible for performing all the duties of a certain task. Internal controls safeguard the financial resources of a center.





- receiving wholesale orders and storing wholesale and retail purchases,
- signing invoices or store receipts to indicate the items listed were received,
- writing checks,
- mailing checks,
- recording payments in the accounting records, and
- taking inventory.

The list for your child care center may be slightly different.

The internal control plan is developed from the above list. The following is an example of an internal control plan.

## Internal Control Plan Oak Street Child Care Center

Task	Staff Member Assigned
Assigning reimbursement category	Clerk
Counting and recording meals served	Cook
Filing claims for reimbursement	Director
Receiving checks for reimbursement	Clerk
Depositing checks for reimbursement	Director
Recording deposit in accounting records	Clerk
Recommending approved vendors to the board of directors/owners	Director
Making the grocery list	Cook
Making purchases at approved retail vendors or placing orders with wholesale vendors	Cook
Receiving wholesale orders and storing wholesale and retail purchases	Cook
Signing invoices or store receipts	Cook
Writing checks	Director
Mailing checks	Clerk
Recording payments in the accounting records	Clerk
Taking inventory	Clerk



## Budgeting

The center director must present a budget to the board of directors/owners for approval.

A part of the food purchasing process is planning and managing a food budget that will allow the center to appropriately

- meet the CACFP meal pattern requirements and
- serve a quality food product to the children.

There are several expenses involved in producing a meal: food, labor, etc. **However, the following comments on budgets concern only food.**

### Planning the Budget

A budget is normally planned for 1 year and serves as a financial guide for that year.

A part of planning a realistic food budget is to determine the number of meals that will be served during the year.

To estimate the number of meals that will be served, you will need

- a calendar for the year,
- the schedule of days the center will operate, and
- the meal count records for the previous year.

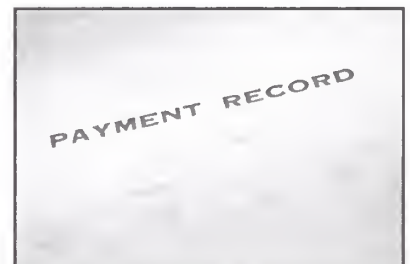
You might be thinking, “Why not just use the numbers from actual meal counts for the past year?” You cannot use the meal count numbers from the previous year because

- the number of days in a month that you serve meals varies and
- the center may have an increase/decrease in enrollment.



### Key Point

A part of the purchasing process is planning and managing a food budget that will allow the center to appropriately meet the CACFP meal pattern requirements and serve a quality food product to the children.





When a year begins and ends is often confusing because a center may be faced with operating in different types of years.

Here are examples of different types of operating years:

- calendar year: January to December,
- Federal fiscal year: October to September (used by many States for the budget required for participation in the CACFP),
- State fiscal year: varies by State but is normally July to June (used by some States for the budget for the CACFP),
- center fiscal year: varies by center and is established when the charter or by-laws for the center are written, and
- school year: varies by State.



## Key Point

When estimating the number of meals that will be served, you must determine what year's budget is being planned.

When estimating the number of meals that will be served, you must determine what year's budget is being planned.

## Activity 15

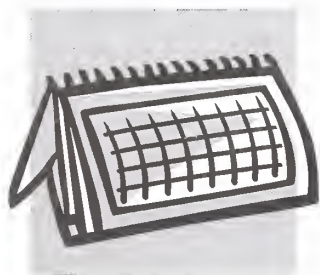
The chart with the enrollment and meals served at Oak Street Child Care Center is repeated on page 119.

Oak Street Child Care Center operates weekly Monday through Friday. However, it is closed for the following holidays:

- January: New Year's Day
- April: Good Friday
- May: Memorial Day
- July: July 4<sup>th</sup>
- September: Labor Day
- November: Thanksgiving Day and the Friday after
- December: Christmas Eve, Christmas Day, and the day after

Using the calendars on page 120, complete the November and May portions of the chart "Oak Street Child Care Center: Total Monthly Meals" on page 119. Follow the directions at the bottom to complete the chart. To calculate how many days the Center will be open during a month, do the following:

- Mark out the Saturdays and Sundays because Oak Street Child Care Center is closed those days.
- From the list above, find the holidays it is closed and mark those out.
- Count the days remaining and record them in the chart on page 119.







## Oak Street Child Care Center: Meals Served

Age Group	Number Enrolled	Meals Served		
		Breakfast	Lunch	Snack
Infants: 4–7 months	1	1	1	1
Infants: 8–11 months	2	1	2	2
Children: 1–2 years	26	20	26	26
Children: 3–5 years	15	10	10	15
Caregivers		8	11	12
Totals	44	40	50	56

## Oak Street Child Care Center: Total Monthly Meals

Month	Number of days Center is open	Projected number of meals per day <sup>1</sup>			Total monthly meals <sup>2</sup> (number of days x average meals per day)		
		Breakfast	Lunch	Snack	Breakfast	Lunch	Snack
October, 2005	23	40	50	56	920	1150	1288
November, 2005		39	49	52			
December, 2005	20	38	48	47	760	960	940
January, 2006	23	40	50	56	920	1150	1288
February, 2006	20	37	47	50	740	940	1000
March, 2006	21	40	50	56	840	1050	1176
April, 2006	22	40	50	56	880	1100	1232
May, 2006		39	47	51			
June, 2006	21	40	50	56	840	1050	1176
July, 2006	22	37	46	53	814	1012	1166
August, 2006	21	40	50	56	840	1050	1176
September, 2006	21	40	50	56	840	1050	1176
Totals							

To obtain the projected number of meals per day, look at the numbers in the chart at the top of the page (“Oak Street Child Care Center: Meals Served”) and make adjustments for absences. The daily meal count record and monthly claim for reimbursement required by the State Agency is the most appropriate place to look for absences. This portion of the chart has been completed for you.

<sup>2</sup>To obtain the total monthly meals, multiply the number of days the Center is open by the projected number of meals per day. Add the monthly totals to obtain the yearly totals.



November						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27 Thanksgiving Day	28	29
30						

May						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
9 Mother's Day	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31 Memorial Day					



- Some centers use sophisticated accounting records and adjust the cost based on an index (government report) that predicts the expected increase in the cost of food.
- Other centers simply use the past year's food costs.
- Total expenditures for the past year can be used for preparing the budget, but in order to manage the budget, you must determine how much will be spent each month.

- There are no studies of the cost per meal of serving food in child care centers.
- Some State Agencies have rules that place a minimum percentage on the cost of food.
- Although it is always a good idea to check with other child care professionals to find out what percentage of their CACFP reimbursement is spent for food, you should base the percentages you use on information obtained from your State Agency.

Breakfast rate (2005/06 Federal rate) = \$1.27 @ 50% = \$0.64  
 @ 60% = \$0.76  
 @ 65% = \$0.83

Lunch/Supper rate (2005/06 Federal rate) = \$2.32 @ 50% = \$1.16  
 @ 60% = \$1.39  
 @ 65% = \$1.51

Snack rate (2005/06 Federal rate) = \$0.63 @ 50% = \_\_\_\_\_  
 @ 60% = \_\_\_\_\_  
 @ 65% = \_\_\_\_\_



Total expenditures for the past year can be used for preparing the budget, but in order to manage the budget, you must determine how much will be spent each month.





The amount of the food budget for 1 month is equal to the number of meals multiplied by the amount per meal that will be spent on food.



The efficiency of the purchasing, storage, meal preparation, and service tasks will determine the amount of money that must be budgeted.

Oak Street Child Care Center is managed well and has well-trained staff. Therefore, the food budget is 65% of the free reimbursement rate. The budget for Oak Street Child Care Center for 2005–2006 can be found below.

## Food Budget for Oak Street Child Care Center

Month 1	Breakfast Meals 2	Costs 3	Extension* 4	Lunch Meals 5	Costs 6	Extension* 7	Snack Meals 8	Costs 9	Extension* 10	Monthly Total** 11
Oct-05	920	\$0.83	\$763.60	1150	\$1.51	\$1736.50	1288	\$0.41	\$528.08	\$3028.18
Nov-05	702	\$0.83	\$582.66	882	\$1.51	\$1331.82	936	\$0.41	\$383.76	\$2298.24
Dec-05	760	\$0.83	\$630.80	960	\$1.51	\$1449.60	940	\$0.41	\$385.40	\$2465.80
Jan-06	920	\$0.83	\$763.60	1150	\$1.51	\$1736.50	1288	\$0.41	\$528.08	\$3028.18
Feb-06	740	\$0.83	\$614.20	940	\$1.51	\$1419.40	1000	\$0.41	\$410.00	\$2443.60
Mar-06	840	\$0.83	\$697.20	1050	\$1.51	\$1585.50	1176	\$0.41	\$482.16	\$2764.86
Apr-06	880	\$0.83	\$730.40	1100	\$1.51	\$1661.00	1232	\$0.41	\$505.12	\$2896.52
May-06	780	\$0.83	\$647.40	940	\$1.51	\$1419.40	1020	\$0.41	\$418.20	\$2485.00
Jun-06	840	\$0.83	\$697.20	1050	\$1.51	\$1585.50	1176	\$0.41	\$482.16	\$2764.86
Jul-06	814	\$0.83	\$675.62	1012	\$1.51	\$1528.12	1166	\$0.41	\$478.06	\$2681.80
Aug-06	840	\$0.83	\$697.20	1050	\$1.51	\$1585.50	1176	\$0.41	\$482.16	\$2764.86
Sep-06	840	\$0.83	\$697.20	1050	\$1.51	\$1585.50	1176	\$0.41	\$482.16	\$2764.86
Totals	9876		\$8197.08	12334		\$18624.34	13574		\$5565.34	\$32386.76

\*The extension is the monthly total for each meal type. The extension = the meal count totals from page 119 multiplied by the budgeted costs per meals.

\*\*Columns 4 + 7 + 10 = Column 11 (Monthly Total)



## Managing the Budget

Managing the budget is important to controlling food costs.

- The budget must be managed to provide current information.
- Food is purchased on almost a daily basis and the costs can get out of control quickly.
- A budget report 2 months after the purchases have been made will not help control costs.



Make the budget a working tool. A timely budget report is a valuable management tool.

- Maintain a budget report for each month.
- Record the amount budgeted for the month at the top of each budget report.
- Then, subtract each invoice or grocery receipt from the budgeted amount.

If you follow the above steps, the staff member in charge of purchases can look at this report and tell at a glance how much money is left. Also, the management team will know if they are going to exceed the budget before it happens, allowing time for appropriate adjustments of expenditures.

Below is an example of a budget report that can be used as a working tool.

### Example of a Budget Report as a Working Tool

Line	Date	Vendor	Money Spent	Balance
1	10/1/2005	Opening budget balance		\$3028
2	10/1/2005	ABC Milk Company	\$37	\$2991
3	10/1/2005	Magilla Supermarket	\$225	\$2766
4	10/2/2005	Farmer Jones	\$7	\$2759
5	10/5/2005	Mallard Wholesale	\$107	\$2652
6	10/8/2005	ABC Milk Company	\$40	\$2612
7	10/8/2005	Magilla Supermarket	\$237	\$2375
8	10/10/2005	Duck's Fruit Stand	\$98	\$2277
9	10/11/2005	Crum's Peach Orchard	\$12	\$2265

Line 1 shows that Oak Street Child Care Center has \$3,028 budgeted for October 2005. Each day, as money is spent, the date, the vendor, and the rounded dollar amount are recorded. The amount paid is subtracted from the balance to get the new balance.



## Key Point

The working budget report should not stop a center from making the purchases necessary to provide the meals as planned.

Did you notice that the working budget report contained only whole dollar amounts?

- The cents portion of expenditures will not make a significant difference in budget control.
- Rounding up or down to whole numbers makes the entries faster.
- Speed is important because this report is completed by hand and a calculator may not be close by.

The working budget report should not stop a center from making the purchases necessary to provide the meals as planned.

If it appears that there will not be enough money in the budget (budget authority) to finish the month, the management team (most likely the director and cook) should discuss the situation, and the budget should be adjusted to reflect need.

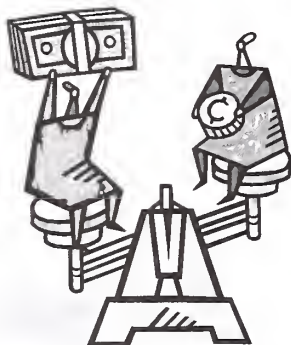
If the amount spent is higher than the budgeted amount, here are some questions to ask:

- Has the enrollment increased?
- Has there been an unusual event such as a freezer failing and food spoiling?
- Have there been price increases?

If the amount spent is lower than the budgeted amount, here are some questions to ask:

- Are the menus meeting meal patterns?
- Are the portion sizes adequate?
- Has enrollment decreased?
- Have there been price decreases?

Remember that a budget is a plan. If the plan fails, it is good business practice to determine why.



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# Appendices







## Storage Temperature Log

[illegible]

[illegible]





## Grocery List for Menu Items

[illegible]



## Abbreviations

**AMS**

Agricultural Marketing Service, AMS/USDA

**CACFP**

Child and Adult Care Food Program

**C.F.R.**

*Code of Federal Regulations*

**CN**

Child Nutrition

**CPA**

Certified Public Accountant

**F**

Fahrenheit

**FBG**

*Food Buying Guide for Child Nutrition Programs*

**FCS**

Food and Consumer Service, FCS/USDA

**FNS**

Food and Nutrition Service, FNS/USDA

**FSIS**

Food Safety and Inspection Service, FSIS/USDA

**g**

Gram

**gal**

Gallon



## Abbreviations (cont.)

**IFB**

Invitation for Bid

**lb**

Pound

**mg**

Milligram

**NFSMI**

National Food Service Management Institute

**No.**

Number

**oz**

Ounce

**pt**

Pint

**qt**

Quart

**RFP**

Request for Proposal

**tsp**

Teaspoon

**Tbsp**

Tablespoon

**USDA**

United States Department of Agriculture



## Glossary

### **Affiliated Center**

A child or adult care center that is owned in whole or in part by a CACFP sponsoring organization. Source: FNS Instruction 796-2, Rev. 3.

### **Bid**

The response submitted by a prospective contractor to an invitation for bid.

### **Bidder**

A prospective contractor in a competitive sealed bidding procurement.

### **Bonus Commodities**

A group of USDA donated foods that are not charged against a State Agency's or recipient's donated foods entitlement. Source: FNS Instruction 796-2, Rev. 3.

### **Child Care Center**

Any public or private *nonprofit* organization, or any proprietary Title XX center as defined in this, licensed or approved to provide nonresidential child care services to enrolled children, primarily of preschool age, including but not limited to day care centers, settlement houses, neighborhood centers, Head Start centers and organizations providing day care services for children with handicaps. Child care centers may participate in the program as independent centers or under the auspices of a sponsoring organization. Source: 7 C.F.R. pt. 226.2.

### **Child Care Facility**

A licensed or approved child care center, day care home, or outside-school-hours care center under the auspices of a sponsoring organization. Source: 7 C.F.R. pt. 226.2.

### **Child Nutrition Label**

A special logo on institutional foods. This label has been approved by USDA/FNS and provides information on serving sizes for the child nutrition meal patterns. CN labels are available for meat/meat alternates and juice/juice drinks.

### **Children**

(a) Persons 12 years of age and under, (b) children of migrant workers 15 years of age and under, and (c) persons with mental or physical handicaps, as defined by the State, enrolled in an institution or a child care facility serving a majority of persons 18 years of age and under. Source: 7 C.F.R. pt. 226.2.

### **Competitive Proposal Procurement**

A formal method of procurement that requires the submission of offers in response to an RFP, evaluation of the offers and negotiations with successful offerors. A competitive proposal procurement results in the award of either a fixed price or cost reimbursable contract to the successful offeror based upon price and other factors.



## Glossary (cont.)

### Competitive Sealed Bidding

A formal method of procurement that requires submission of a sealed bid in response to an IFB. A competitive sealed bid procurement results in the award of a fixed price contract, with or without price adjustments, to the responsive and responsible bidder whose price is lowest.

### Contract

A verbal or written agreement between two people or organizations.

### Cycle Menus

A set of menus that are repeated on a rotating basis. Normally a cycle menu is for an odd number of weeks (as an example 3 or 5 weeks).

### Debarment

An action taken by a debarring official in accordance with regulations to exclude a person from participating in covered transactions. A person so excluded is "debarred."

### Descriptions

A simple set of quality standards used in purchasing that are limited to characteristics that can be measured at the delivery site or additional information that is necessary for communicating with vendors.

### Ethics

What is good or bad and moral duty and obligation. Professional ethics are the principles of conduct governing an individual or a group.

### Fiscal Year

A period of 12 calendar months beginning October 1 of any year and ending with September 30 of the following year. Source: 7 C.F.R. pt. 226.2.

### Food Service Management Company

An organization, other than a public or private non-profit school, with which the institution contracts for preparing and, unless otherwise provided, for delivering meals with or without milk for use in the program. Source: FNS Instruction 796-2, Rev. 3.

### Generally Accepted Accounting Principles

Rules and procedures that govern accounting for financial transactions. Generally accepted accounting principles are derived from a variety of sources, including the Financial Accounting Standards Board and its predecessor, the Accounting Principles Board, and the American Institute of Certified Public Accountants. Source: FNS Instruction 796-2, Rev. 3.

### Grade Standard

A voluntary Federal regulation that describes the quality characteristics of a food. Normally there are three levels of quality described.



### Glossary (cont.)

#### **Institutional Distributor**

A vendor that sells and delivers institutional-size (large) products to restaurants, schools, child care centers, hospitals, nursing homes, and other large feeding operations.

#### **Internal Controls**

The policies, procedures, and organizational structure of an institution designed to reasonably assure that:

- (a) the program achieves its intended result;
- (b) program resources are used in a manner that protects against fraud, abuse, and mismanagement and in accordance with law, regulations, and guidance; and
- (c) timely and reliable program information is obtained, maintained, reported, and used for decision-making. Source: 7 C.F.R. pt. 226.2.

#### **Invitation for Bid (IFB)**

The documents used to invite potential vendors to offer prices. An IFB is appropriate to use when the technical requirements are fully described and the major variable is cost.

#### **Jobber**

An independent business that purchases food from an institutional distributor or wholesale grocery distributor. Institutional jobbers sell only the food on their trucks at the time they make a sales call. The term “jobber” is also used to refer to an independent business that purchases a milk route from a milk company. A milk jobber sells the company brand of milk, but the milk jobber determines the cost of the milk to the customer. In some instances milk jobbers agree to participate with the company and other milk jobbers in a response to an IFB or RFP that requires delivery to more territory than their route.

#### **Market Analysis**

A survey of vendors available to sell and deliver to a child care center.

#### **Market Basket**

A representative list of the food and supplies a child care center purchases. The market basket is used to compare prices between retail vendors.

#### **Menu Items**

Foods that are purchased only when they appear on the menu.

#### **Purchase Plan**

A document prepared by center staff that summarizes the results of a market analysis, market baskets, invitation for bids, and request for proposals. This document can be presented to the board of directors/owners for approval or filed for review by auditors.

#### **Request for Proposal**

A set of documents used to obtain a technical proposal and prices. RFPs are appropriate when there are many variables including cost that must be defined by the potential vendor.





## Glossary (cont.)

### **Retail Vendor**

Businesses such as specialty stores, grocery stores, supermarkets, and wholesale clubs that sell food and supplies at retail prices.

### **Specification**

The description of the characteristics of specific goods or services. A specification contains the explicit requirements furnished with a solicitation upon which a purchase order or contract is to be based. Specifications set forth the characteristics of the goods and services to be purchased so as to enable the vendor to determine and understand what is to be supplied. This information may be in the form of a description of the physical, functional, or performance characteristics and it may include a description of any requirement for inspecting, testing, or preparing material, equipment, supplies, or services for delivery. Specifications may be incorporated by reference and/or through attachment to the solicitation.

### **Standard of Conduct**

A written document that describes the expected behavior of employees related to ethics.

### **Standard of Identity**

A Federal regulation that describes the name of a food and the ingredients required to use that name.

### **Standard Stock Items (Inventory on Hand) (Par Stocks)**

Foods that are kept on hand all of the time and are replaced on a regular basis.

### **State Agency**

The State Educational Agency or any other State Agency that has been designated by the governor or other appropriate executive, or by the legislative authority of the State, and has been approved by the department to administer the program within the State or in States in which FNS administers the program (FNSRO) [FNS regional office]. Source: 7 C.F.R. pt. 226.2.

### **Suppliers**

Public organizations, private commercial enterprises, or individuals with which the institution contracts. Suppliers are also referred to as vendors. Source: FNS Instruction 796-2, Rev. 3.

### **Unaffiliated Center**

A participating sponsored child or adult care center that is legally distinct from its sponsoring organization.

### **Unsolicited**

The person did not ask for the item or activity.

### **Wholesale Club**

A vendor that sells only to members of the club. A fee is charged to belong to the club. Products are sold at both retail and wholesale prices.



### Glossary (cont.)

#### **Wholesale Grocery Distributor**

A distributor that sells and delivers to small grocery stores, restaurants, child care centers, convenience stores, nursing homes, hospitals, and schools. This distributor sells retail-size containers such as cases of No. 2½ and No. 300 cans.

#### **Wholesale Vendor**

A wholesale grocery distributor or an institutional distributor.

#### **Yearly Items**

Foods (mostly herbs and spices) that are purchased only once per year.



## Federal Food Purchasing Principles

- Private non-profit centers must use a formal purchase method (explained below) for purchases of more than \$100,000 or the amount stated in their organization's procedures if that amount is less. At press time, USDA was in the process of issuing changes to its Child Care Regulations to increase the current \$10,000 small purchase threshold for non-profit centers to this higher level. Check with your State Agency for updates.
- Public centers must use a formal purchase method for purchases of more than \$100,000 or the amount stated in State law or local procedures, whichever is less. In most cases, the State law amount is less than the Federal threshold of \$100,000. At press time, USDA was in the process of issuing changes to its Child Care Regulations to increase the current \$10,000 small purchase threshold for public centers to this higher level. Check with your State Agency for updates.
- For-profit centers must use a formal purchase method for purchases of more than \$10,000.
- Centers must have written purchasing procedures.
- Accounting records must be supported by source documentation.
- The center shall maintain a written standard of conduct for its employees who work with the award and administration of purchasing contracts.
- Purchasing transactions shall be conducted in a manner to provide full and open competition.
- A center shall not knowingly do business with a company that is debarred (center prohibited from contracting with the company) or suspended (center temporarily prohibited from contracting with the company).
- Contractors that develop or draft specifications, requirements, statements of work, invitations for bid and/or requests for proposal, contract terms, or purchasing procedures shall be excluded from competing for the item to be purchased.
- A clear and accurate description of the technical requirements shall be provided for everything that is purchased. Clear and accurate descriptions are important when making price comparisons. Equal products must be compared for the price comparison to be fair.
- All factors that will be considered when deciding where to purchase food and supplies shall be listed in the instructions of a sealed bid or proposal.
- Sometimes cities, counties, and States write local geographic preference laws. The use of these preference laws in deciding where or what to purchase is not permitted in Child Nutrition Programs.



## Federal Food Purchasing Principles (cont.)

- Centers shall ensure that small businesses, minority-owned firms, and women's business enterprises have an opportunity to compete.
- The type of pricing method used shall be determined by the center. The "cost-plus-a-percentage-of-cost" pricing method shall not be used.
- Contracts shall be made only with responsible contractors.
- Centers shall make purchasing documents available for review by the State or Federal Agency when requested. The documents will be requested when any of the following conditions exist:
  - 1) The State Agency is conducting a review.
  - 2) The purchasing procedures fail to comply with Federal requirements.
  - 3) The purchase is expected to be more than the small purchase threshold (currently \$100,000) and is to be made without competition.
  - 4) The purchase is expected to exceed the small purchase threshold and the description specifies a brand name.
  - 5) The purchase method is a sealed bid (IFB) and the purchase is expected to be more than the small purchase threshold and is to be awarded to a company other than the responsive low bidder.
  - 6) A contract modification changes the amount of the contract by more than the small purchase threshold.
- Some form of cost analysis shall be performed for all purchases.
- Records related to purchases shall be kept for a period of 3 years from the end of the fiscal year in which the purchase was made, unless the State Agency requests a longer period. In the case of multi-year contracts, records should be kept for 3 years from the end of the fiscal year in which the last purchase was made. If an audit or investigation is in progress, the records shall be kept until the audit or investigation is officially closed.



~ Notes ~



## Food Purchasing for Child Care Centers

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